EXPORTER'S HANDBOOK AND GLOSSARY

BY

FRANK M. DUDENEY

WITH A FOREWORD BY

WILLIAM EGLINGTON

FOUNDER AND EDITOR OF "THE BRITISH EXPORT GAZETTE" AND "THE BRITISH AND SOUTH AFRICAN EXPORT GAZETTE"



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THE EXPORTER'S HANDBOOK AND GLOSSARY

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FOREWORD

THE greatest war the world has ever known, through which we are passing as this volume is preparing for the press, has taught us in England many things and many lessons. Not the least of these has been the complete awakening to our commercial imperfections, the knowledge of our utter lack of scientific organisation in prosecuting our huge export trade in overseas markets, and the complacency with which we have allowed much of it where we were formerly supreme to fall to the share of competing countries whose systems and methods have unquestionably been far in advance of our own. We have been woefully indifferent, haphazard and slipshod, and in the main have been content with the enormous volume of trade we transacted with comparative ease in Colonial and foreign markets because the known prestige of British-made goods throughout the world has always found ready—perhaps too ready—customers for them.

Not only will every nerve have to be strained after this devastating war is over to regain the trade we have lost, and to maintain it at its former level, but it must be vastly increased according as our manufacturers and merchants show effort and determination to do so. To help to an intelligent understanding of how this can be accomplished, and the steps that must be taken, the *Exporter's Handbook* should prove of inestimable value. Having been privileged to peruse the proofs, I unhesitatingly affirm—and I speak with a life-long experience of export matters—that it is singularly instructive and informative, and there is not a single branch of the export trade which the author has not treated with commendable thoroughness and extreme accuracy. Indeed, for the manufacturer and the

merchant it should become the standard work on its subject. Only one who has had an intimate acquaintance with, and made a careful study of the export trade, could have penned a work of such vital import to the shipping world. Even a cursory glance at the contents reveals the author as an expert of exceptional merit with great lucidity of expression, but a closer perusal proves that he possesses the additional gift of concisely stating facts. In short, eschewing theory, he instructs as to what has to be done to carry on export trade successfully and how to do it, what pitfalls to avoid and what methods to adopt, and those who follow the counsel tendered will not materially err. As to the author's fitness to instruct, it may not be out of place if I state that he is a writer of considerable distinction on subjects exclusively relating to the export trade, and many of his contributions have been reproduced in the publications of a large number of foreign and colonial governments. The Author has been a leading member of my own staff for the past fourteen years, and it is because I know that anything he writes is based upon supreme knowledge that I earnestly commend the following pages to the close attention of those for whom the handbook is primarily written.,

W. EGLINGTON

LONDON, 1916.

AUTHOR'S NOTE

THIS book is not a war publication, except by the accident of its issue during war-time. It was designed and partly written before the outbreak of hostilities, and I have purposely adhered to my original plan of making a handbook which shall be of permanent rather than passing usefulness to British exporters, particularly those manufacturers who may be turning to this branch of trade for the first time. The temptation has been great to point some of the commercial lessons of the war, but I have refrained. Nevertheless, as an exposition of the principles and methods of export business the book should prove a potent weapon in the hands of British manufacturers and merchants who are determined to gain and hold in the future a larger share of that great world trade which Germany, above all other nations, has sought in the past, and will probably seek still more keenly to appropriate when peace removes Great Britain's blockade. Export trade is vital to our financial stability while the war is in progress; it will be doubly so when international competition is resumed; therefore I feel that in issuing this volume now I may succeed in doing some small service of the moment, as well as in those future days when the business men of Great Britain are once more free fully to take up the work of consolidating and perpetuating the blood-won fruits of the war.

F. M. D.

B—(1431)

CONTENTS

PAGE

FOREWORD v

AUTHOR'S NOTE vii

LIST OF SHIPPING DOCUMENTS xxi

PART I

CHAPTER I

THE ADVANTAGES OF EXPORT TRADE

EXPORT trade never wholly bad—Shippers not dependent on the fluctuations of a single market—Higher profits—Debts obviated because orders are "confirmed"—Direct trade forbidden—The "cheap" shipping representative—British firms' special advantages—Magnitude of British export trade—United States' shipments—A vast field of opportunity . 1

CHAPTER II

GENERAL PRINCIPLES OF THE EXPORT TRADE

Home trade fetishes must be abandoned—Different markets offer different problems, requirements, and methods—No need to shoot at a venture—The ultimate export buyer—The white, black, yellow, or brown consumer at the base of the export system—Colonial "town trade" retailers—The general storekeeper—Native and Asiatic storekeepers—The peripatetic trader—Wholesale merchant is the actual importer—Merchant shipper and commission buyer—Machinery of export business summarised—Influencing the specific indent without antagonising merchants and buying agents—Salesmanship commences at the importer's door 5

CHAPTER III

THE INDENT: WHAT IT IS

Indent and order not identical—Origin of the term "indent"—It has no set form—How the Home buyer handles it—Factors which influence his expert judgment—The "Open" or "Discretionary" Indent—Classes of goods which must be bought at the Home buyer's discretion—The "Specific" Indent—Reasons for its increasing adoption—A new power at the manufacturer's disposal—Why the manufacturer's selling campaign must be transferred from Home centres to oversea markets 11

CHAPTER IV

TYPES OF OVERSEA IMPORTERS

PAGE

Knowledge of types of importers essential—"Coast houses"—Methods of elementary barter—Duplication of profits—Former monopoly of "Coast houses" vanishing—A new class of wholesale importers—"Tied" firms achieve independence—Specialisation not usual—Specialisation in mining machinery trade, etc.—Large importers possessing their own European buying houses—Smaller importers who employ commission buying agents—Merchant-Agents—Importers who hold so-called "buying agencies"—Australian "proprietary houses"—Oriental "native" importers—The West African negro merchant . . 15

CHAPTER V

THE "NATIVE" IMPORTER

A clumsily indiscriminate term—Some classes of "native" merchants attaining Western status—India's merchant princes—Bazaar traders—Monopoly of "white" merchant houses gone—"Native" importers' special knowledge of native customs—Mohammedan and Hindu festivals which create trade opportunities—Financial strength of Indian merchants—Inherited tendency to invest in portable jewellery and precious stones—The Goanese merchant—Complex and highly developed Japanese merchant system—China's merchant system less advanced—"Comprador" system developing—Chinese "native" importers few in number, but likely to increase—Levantine merchants' qualities and defects—Agency terms preferred—Questionable status and practices—Native chambers of commerce—"Long firm" swindles 21

CHAPTER VI

THE MERCHANT SHIPPER

A challenged position—The merchant shipper still master of the situation—His power and his services—Conditions inimical to the manufacturer—Some successful challengers—As a market develops, the merchant shipper loses his grip on it—A surprising level of prestige—"Indents through Home merchants only"—A sacred doctrine—Small and mixed shipments rendered profitable—Facilities for importers—Manufacturers' own prices sometimes beaten—A valuable selling factor in the textiles trade—Failure in other directions—Focussing points of small indents—Some criticisms—No longer a trade creator, but merely an intermediary . . . . . .

CHAPTER VII

THE COMMISSION BUYING SYSTEM

PAGE

British origin of the system—How the American and Continental systems differ—British firms compelled to adhere to the British system—London commission houses—Their acceptance of financial responsibility—They widen the distribution of orders—Their freedom in purchasing—No distinction between manufacturers for Home trade and export trade—A British advantage in international competition—A tendency toward retail business—Some markets not covered—Danger of small and casual buying agents—Agents in theory; principals in fact—Agents "supported" by oversea clients—A willing buyer within credit limits—Commission buying terms—Elastic variations—Secret commissions—Rates of commission—Shipping duties—Inspection of goods before shipment—Effect of the "specific" indent on the buying agent's position—Uselessness of fooling the buyer 36

CHAPTER VIII

THE EXPORT AGENT

Complexity of export selling methods—Export activities not to be treated as a secondary department—Export agent a substitute for an export manager and department—His claim on the factory service must be recognised—Nearest British approximation to the American commission selling house—A merchant shipper in embryo—Big conceptions and enterprise absent—A reason why—A larger future for export agents—Influence on oversea firms is the infallible test—Home connection not sufficient—Diffusion of effort—Special information as a basis of sales campaigns—Special journeys—Terms of payment 45

CHAPTER IX

MANUFACTURERS' OVERSEA REPRESENTATIVES

The most essential selling factor—Potency of personal influence—Agents should not create direct trade—Some exceptions—Why direct trade should be banned—It renders credit unstable and antagonises merchants—Example of the Egyptian market—Agents' methods—An aristocrat of the road—Limitation of commissions—Terms of remuneration—"Bottom-of-the-skip" lines—Results not directly traceable—"Commission only"—The manufacturer's proof of good faith—Expenses allowances—The pernicious "travellers' tax"—Licence dues in various markets—Payment for samples—Relative values of agents—How to build up a comprehensive system of representation—Representatives' expert advice too often ignored—Co-operation between manufacturer and representative essential. 51

CHAPTER XVII

COLONIAL AND FOREIGN OFFICIAL CONTRACTS PAGE

A class of business apart—Comprehensive and valuable business—Supplies for government-controlled public services—Municipal requirements—No favouritism or other undue obstacles—Purchases through local merchants—Need for merchant-agents on the spot—Employment of merchant-shippers as official buyers—Buyers on the staffs of High Commissioners and Agents-General—The Crown Agents—How to get on the "lists" of the official buyers—How tenders are dealt with—Public advertisement of contracts—Specialists in municipal representation—List of Colonial government buyers 101

CHAPTER XVIII

HOW THE GOVERNMENT HELPS MANUFACTURERS

A neglected factor—An efficient intelligence department provided for every manufacturer—Too much expected of the Board of Trade—The Board galvanised by war conditions and opportunities—Prompt information to help British firms supplant foreign goods—Data for export campaigns—Work of Trade Commissioners and Consuls—A free service—A special service of confidential reports—Limitations of replies to status inquiries—A permanent sample exhibition of foreign productions—Work of the Exhibitions Branch of the Board of Trade—Organisation of British Sections at International Exhibitions 106

CHAPTER XIX

BRITISH CHAMBERS OF COMMERCE ABROAD

General attitude toward chambers of commerce—British chambers in foreign countries on a different footing—Highly vitalised institutions—Local merchants' altruistic service to British manufacturers—Prevention of fraud—Advantages to manufacturers—A service worth paying for—List of British chambers of commerce in foreign countries 111

CHAPTER XX

HOW TO GET EXPORT TRADE: A SUMMARY

Concentration and specialisation of effort—Vested interests and established conditions cannot be defied—Creation and proper organisation of an export department essential—Opportunism a fatal mistake—Markets must be specially and individually catered for—The importer abroad must be discreetly canvassed—Employment of selling agents—Representatives abroad must be consistently supported—Getting confirmations and "open" orders—Importance of the manufacturer's personal interest in his export activities 115

PART II

CHAPTER XXI

FINANCIAL MACHINERY AND FACILITIES

PAGE

Inadequate facilities provided by British banks—British firms' past neglect to demand facilities—A result of the commission buying system—Rise of new important markets creates new credit requirements—No machinery for financing large contracts—German co-operative organisation—A double-barrelled menace to British supremacy—British investments spent in Germany—Lack of co-operation between finance and commerce—A neglected weapon—Long credits impossible under present conditions—United States Federal Reserve Act—An attack on Great Britain's position as the world's banker—Banks must establish special export departments—Commercial banks—Two foreign systems for financing export business—Machinery needed for financing small and miscellaneous shipping orders 119

CHAPTER XXII

BILLS OF EXCHANGE

Elaborate machinery for obtaining payment—Drafts, remittances and C.O.D. payments—An objection to direct remittances—Hypothecation of shipping documents—Letters of hypothecation—Advances on bills of exchange—Accepted bills provide legal proof of debt—Statutory definition of a bill of exchange—Form of draft for acceptance—Indorsement of a bill—Acceptance for honour—Payment by return drafts—Interest on bills—"Protesting" a bill—Various terms of bills—Courtesy phrases destroy the negotiability of a draft—Stamp duties . . 125

CHAPTER XXIII

CREDITS AND TERMS OF PAYMENT IN OVERSEA MARKETS

No rough and ready rule—A long credit system does not denote a weak market—Agriculture at the base of long credit systems—The Russian example—Distance from Europe a factor in regulating bill usance—Terms of usance in various markets—China pays by remittances—Credit problems demand elastic treatment—Illogical policy of some manufacturers—Intelligent and informed discrimination essential in granting credits 132

PART III

CHAPTER XXIV

HOW TO QUOTE TO OVERSEA BUYERS

PAGE

Reasons why export inquiries fail to fructify—The golden rule when quoting—Terms, specifications, etc., must be made easily intelligible—Buyers must be addressed in their own language—Those who speak English do not think in English terms of weights and measures—Technical terms —"Through rates"—Shippers can work out cost of delivery more easily than importers—C.I.F.—"Franco" —"Loco"—F.O.R., F.O.B., and F.A.S.—Exactitude essential in using shipping terms 136

CHAPTER XXV

EXPORT CATALOGUES

An unintelligently used form of trade promotion—Colourless methods—Manufacturers' over-caution and lack of confidence—A sheep-like policy—So-called experts—Trade buyers influenced by practical information—Importance of good typography—Satisfaction of "business taste"—Clear type and clear statement—Planning and laying out a catalogue—Illustrations—What to leave out—The logic of hard facts—Prices and terms should always be included —Detachable slips for the wholesaler to remove—Fear of giving away information kills salesmanship—Value of catalogues which give useful technical data—Code words—The language question—Help the buyer 141

CHAPTER XXVI

THE ESSENTIAL METRIC SYSTEM

An almost universal system—Great Britain's arbitrary system of weights and measures a hindrance to trade—Great Britain and Russia the only important exceptions—Countries which have adopted the decimal system—English and metric equivalents and tables—Linear, square, and cubic measures—Measures of capacity and weight—Problems in converting English values—The Latin Union—Currency systems summarised—Ready reckoning: An Argentine example—Wisdom of giving metric equivalents in all quotations 149

CHAPTER XXVII

MONETARY EQUIVALENTS OF ALL COUNTRIES

Practical keys to commercial calculations—Need for taking current rates of exchange into account—Foreign currency standards with English equivalents in detail 154

CHAPTER XXVIII

INTERNATIONAL WEIGHTS AND MEASURES

PAGE

Only four essential systems—Native systems not used in the shipping business—The short ton—The British Imperial system—The metric system—The Russian system—Russian weights and measures and their English equivalents tabulated—The Japanese system—Tables of Japanese weights and measures and their English equivalents—China's adoption of the Western metric system—Persian weights and measures with English equivalents—Siam now using the Western System—Some Siamese native standards—Abyssinia's native and commercial systems—All countries classified according to their systems . . . 159

CHAPTER XXIX

SAMPLING

An easy means of wasting money—Charging for samples—Free sampling impossible—Three methods open to manufacturers—Distribution by agents—Sampling through the merchant shippers and buying houses—Direct sampling—West African sample-hunters—*Bonâ fide* buyers should be treated liberally—Samples should be adapted to market requirements 165

CHAPTER XXX

PACKING AND MARKING

A fine art—Expert packers with special equipment—Manufacturers should study the art for themselves—British manufacturers pre-eminent as packers—Bad handling spoils good packing—Precautions necessary against transit dangers—Local prejudices in various markets—How to pack machinery—Space economics—Prevention of leakage of small parts—Protection of screw-threads and bright parts—Building up large cases—Arrangements for Customs inspection—Hardware—The use of barrels—Bindings—Nails—"Knock-down" furniture—China and glass-ware—Bicycles—Soft goods—Types of bales for various countries—Tin-lined cases—Cost of baling and packing—Plain marking essential 169

CHAPTER XXXI

METHODS OF SHIPMENT

Shipping instructions—Sailings lists—Choice of vessel according to classification of goods—Railage—"Merchandise Declaration"—Alongside date—Freight notes and bills of lading—Consular and commercial invoices—Certificates of origin—Duplication of invoices—Freight calculations—Dangerous cargo—Shipping companies' special requirements—Customs entries—Insurance 175

PART IV

CHAPTER XXXII

FREIGHT

PAGE

Freight defined—When payable—Shipowners' security for freight—Shippers' liabilities—Shipowners' lien for freight—Payment in advance—"Subject to insurance"—"Lump freight"—"Time freight"—W/M quotations—Ton measurement—Freights classification—Rules for calculating freights—A ready reckoner in brief—Primage—"Primage and average accustomed"—Rebates or Commission—A debateable system 181

CHAPTER XXXIII

CHARTER-PARTIES

What a charter-party is A plain hiring agreement—Obligations imposed on the shipowner—The charterer's duties—Special clauses—"Full and complete cargo"—Broken stowage—Shipowners' liabilities—Statutory exceptions—Negligence clauses—The "cesser clause"—Basis of legal interpretations—"Voyage charters"—"Time charters"—A "clean" charter-party—Stamp duty 186

CHAPTER XXXIV

BILLS OF LADING

A triple document—"Mate's receipt"—Details included in a bill of lading—Sets of bills—Prompt signature necessary—The stamp duty—Consignees can only obtain delivery on presenting the bill of lading—A quasi-negotiable instrument—"Parts" of a bill—"Payment against documents"—An irrevocable contract—Legal interpretations subject to proven custom—Shippers liable for freight after withdrawing cargo—Claims cannot be deducted from freight . . 191

CHAPTER XXXV

DEMURRAGE

Compensation for delay in loading and unloading—"Lay days"—"Conditional days"—"Working days"—"Weather working days"—When lay days commence—"Averaging clause"—Responsibilities of holders of bills of lading—"All other conditions as per charter-party"—Liability through another consignee's default—Wider applications of demurrage 194

CHAPTER XXXVI

MARINE INSURANCE

PAGE

Means of insuring—Underwriters—Insurance companies—Insurance brokers—Brokerage terms—The proposal "slip"—Drafting a policy—Stamp duties—The "provisional note"—"Open" or "floating" policies—Various methods of insuring—"W.P.A." and "F.P.A."—Definition of "Average"—"All risks" policies—Insurable interest—Double insurance 197

CHAPTER XXXVII

CONSULAR INVOICES AND CERTIFICATES OF ORIGIN

Consular invoices compulsory for some markets—Accurate drafting essential—General features—No C.I.F. or other inclusive prices—Legalisation of invoices—Where certificates of origin are required—Forms and fees—Detailed requirements of all markets 201

CHAPTER XXXVIII

CUSTOMS REQUIREMENTS

British Customs requirements not onerous—Returns for statistical records—The "Export List"—Re-exports—Specification forms—Free and dutiable exports—Excise duty—Drawbacks—Goods subject to drawback—Claims—The "shipping bill"—Goods subject to special restrictions—Customs authorities' power to check returns—The "Customs manifest" 208

CHAPTER XXXIX

CONSIGNORS' AND CONSIGNEES' LIABILITY

Disputes arising out of war and insurance claims—F.O.B. and C.I.F. contracts—Variations of F.O.B. contracts—C.I.F. contracts do not extend the shipper's liability beyond the point of shipment—Special "Free Harbour" contracts—Consignors' obligations summarised—Non-delivery does not enable consignees to refuse to accept drafts . . . 212

CHAPTER XL

SHIPMENT UNDER BOND

The original form of bond—Bonded warehouses—Warrants—Transfer of ownership of bonded goods—Access to bonded goods—A limited range of articles affected—Conditions under which drawbacks are allowed—Effect of drawbacks sometimes annulled by other official regulations—A West African example 215

PART V

GLOSSARY 219

INDEX 229

LIST OF SHIPPING DOCUMENTS

	PAGE
ACCEPTED FOREIGN BILL	129
ADVICE NOTE	178
BILL OF EXCHANGE	127
BILL OF LADING	*facing* 192
BRAZILIAN CONSULAR INVOICE	„ 202
CERTIFICATE OF ORIGIN FOR SOUTH AFRICA	205
CHARTER-PARTY	187
CIRCULAR LETTER OF CREDIT	73
CIRCULAR NOTE	74
CONSULAR INVOICE FOR PERU	203
CONSULAR INVOICE FOR U.S.A.	*facing* 202
CUSTOMS SPECIFICATION	209
FORM OF BILL PROTEST	131
INVOICE AND CERTIFICATE OF ORIGIN FOR CANADA	204
LETTER OF INDICATION	75
MARINE INSURANCE POLICY	*facing* 198
MERCHANDISE DECLARATION	„ 176
SHIPPING BILL	„ 210

EXPORTER'S HANDBOOK AND GLOSSARY

PART I

HOW TO GET EXPORT TRADE

CHAPTER I

THE ADVANTAGES OF EXPORT TRADE

EXPORT trade never wholly bad—Shippers not dependent on the fluctuations of a single market—Higher Profits—Debts obviated because orders are "confirmed"—Direct trade forbidden—The "cheap" shipping representative—British firms' special advantages—Magnitude of British export trade—United States' shipments—A vast field of opportunity.

AMONG those manufacturers whose business is confined solely to the English market, there are few who do not at some time or another turn their eyes questioningly towards export trade. As a natural outlet for expansion, as a stand-by in dull times, and as a compensating factor when competition presses hardly, shipping business offers attractions which cannot be ignored. It is never wholly bad, for if one overseas market happens to be depressed there are always half a dozen others which are prospering.

Export Trade Never Wholly Bad.

To-day South Africa is in front; to-morrow Australia takes the lead; and the day after that both may be found pressing along the path of progress and profit. Then, perhaps, India takes up the running after pausing to recover from the effects of passing drought and famine; or Canada regains breath after an over-speculative land boom; or, again, South America may speed up once more after steadying the pace in order to readjust credit conditions; and

all the while the minor markets of the world are pouring their indents into Europe and the United States by every mail. Always, in fact, there is some road open to active and flourishing business for the export manufacturer and merchant, whereas those firms who confine their attention to the home trade are helpless in face of the inevitable fluctuations of a single market, and must travel alternately to and fro between the opposite poles of success and disaster, profit and loss, according to what the politicians call the "swing of the pendulum."

Higher Profits—Fewer Bad Debts.

That is one of the reasons that impel many firms to open shipping departments, and another equally potent is the higher percentage of profit to be secured in the export trade. The prices obtained for all classes of goods in normal as well as abnormal times are always infinitely more satisfactory than the buyers for provincial wholesale concerns are willing to pay, and, under the British system of commission buying for export, bad debts need never rise above a merely negligible quantity so far as the manufacturer is concerned.

This factor of safety in the shipping trade is especially noteworthy, and adds to the aggregate profits as much as, and even more than, the liberal prices usually obtained. The secret of it lies in that magic phrase, "All orders must be confirmed in London," or its alternative, "Indents through home merchants only," a rule against which the new-comer to the business is apt to rebel in his ignorance, though experience soon teaches its value. It may seem a simple and reasonable course for a manufacturer, merchant or factor, probably accustomed to going direct to the retailer at home, to accept and execute any order which may chance to come to him direct from abroad, especially if accompanied by proper guarantees or actual cash, and, in fact, it is often done even by experienced firms. Nevertheless, the rule is golden which forbids the practice, as

will be recognised when the chapter dealing with the subject comes to be read. At this point it is sufficient merely to explain that as, under the British system, the sole financial responsibility for oversea orders is taken in England by "confirming" houses—either commission agents or importers' own London establishments—or by merchant shippers supplying clients abroad on their own account, any manufacturer may enter upon the task of building up a trade with the leading Colonies, and also with many foreign markets, with considerably less risk than is involved in ordinary home business.

Shipping Representatives.

So far, then, it is clear that the average manufacturer has every inducement to enter the shipping trade, his only difficulty being to shape a practical course. He usually begins by following the line of apparently least resistance, and knocks persistently at the doors of the London shipping houses. To do this he employs a "shipping representative"—not generally at a burdensome salary—who is presumed to have a more or less valuable connection among shippers. When, eventually, results are summed up, and are found to consist mainly of instructions for sample sets, with a "snatch" order or two at cut prices, it becomes necessary to admit failure, and to find a more effectual policy. If the manufacturer is persistent, and is inclined to throw a good many sprats to catch his mackerel, he will in time piece together the shipping puzzle, and gain his due reward. If he is not of that kidney he will simply retire vanquished and cut his loss, not because the trade seems to him less valuable, but for the miserably unsatisfactory and tantalising reason that he cannot gain entry to it.

British Firms' Special Advantages.

Yet the route to success in the export trade is straightforward and plainly marked, even though it may be no royal road. It is also a route along which the Britisher

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British Firms' Special Advantages.

Yet the route to success in the export trade is straightforward and plainly marked, even though it may be no royal road. It is also a route along which the Britisher

above all should travel with most ease and facility. His is the predominant commercial language not only throughout his own vast Empire, but in many important foreign markets, notably in the Far East. His, too, is the splendid heritage of centuries of shipping trade dating back to days earlier than those of the bold merchant adventurers of Elizabethan times. His, again, is the national prestige arising from the fact that "British-made" is regarded by buyers in every part of the world as the one indisputable hall-mark of quality. And yet again, his is the advantage that British export methods have been imposed upon, and are understood by, importers everywhere to a degree that no other country can claim. Finally, he is offered the opportunity to take his share of a national export trade which far transcends that of any competitor, exceeding in value the large total of £635,000,000 per annum in normal times, as compared with about £500,000,000 by the United States, of which latter's shipments, by the way, at least £100,000,000 represent foodstuffs and other non-competitive goods, thus reducing the total for comparative purposes to about £400,000,000, or less than two-thirds of Great Britain's shipping activities. In 1920, a period of abnormal prices and conditions generally, the United Kingdom's trade touched the stupendous total of £3,500,000,000, of which about £1,500,000,000 stood for exports.

The export trade therefore offers a vast field of opportunity, the business being generally safer, more profitable, and more regular than that of the home market. To the British manufacturer it should be especially inviting for the reasons already stated, and, indeed, it is his birthright as well as his opportunity. To make a successful start in it, however, calls for a reasonable amount of practical knowledge of the general principles on which the export system is based, and, given this, the difficulties and blunders which spell disaster and disappointment for so many would-be shippers vanish entirely.

CHAPTER II

GENERAL PRINCIPLES OF THE EXPORT TRADE

HOME trade fetishes must be abandoned—Different markets offer different problems, requirements and methods—No need to shoot at a venture—The ultimate export buyer—The white, black, yellow, or brown consumer at the base of the export system—Colonial "town trade" retailers—The general storekeeper—Native and Asiatic storekeepers—The peripatetic trader—Wholesale merchant is the actual importer—Merchant shipper and commission buyer—Machinery of export business summarised—Influencing the specific indent without antagonising merchants and buying agents—Salesmanship commences at the importer's door.

THE first lesson to be learned by the business man who contemplates entering the shipping trade is to loosen the strings that tie him to ideas and practices connected solely with home trade. Knowledge gained in the latter should prove invaluable, but it may also be a delusion and a snare if allowed to close the door against consideration of the widely differing conditions of the markets of the world.

Different Markets, Different Methods.

Each of those markets offers its own problems, its special requirements, and its individual methods of doing business. Not only so, but the trade channels through which all or any of those markets may be worked are wholly distinct from those employed in distributing merchandise to the home public.

As already stated, usually the first and only idea of the man anxious to enter the export trade is to appoint a shipping representative in London, and then to sit down and wait for more light on the subject. So far as it goes this is a very reasonable move, but it does not go far enough even for a first step. Before taking action of any kind it would be infinitely wiser to survey the entire road to be travelled. Clearness of idea and intention is even more essential in embarking on export activities than in attempting most other lines of business, yet it is astounding how many arrows are shot at a venture by would-be shippers.

The Ultimate Export Buyer.

To begin with, it is only a matter of common sense to ascertain precisely what sort of people are the ultimate customers for the goods to be exported, for how can a London buyer, even when invested with the widest discretionary powers by his oversea clients, be persuaded of the advisability of placing an order if the salesman himself cannot prove his case thoroughly? Then, too, it is merely blundering in darkness to attempt to build up a trade without a knowledge of the channels of distribution to be used, or of the various interests to be served, and the influences that may militate either for or against success. These are the elementary details to be grappled with at starting.

Take first for consideration the skeleton of the export system, the main lines on which it is operated. Its broad basis, of course, is the consumer—white, black, yellow, or brown. For practical purposes, however, interest commences with the retailer, who exists in a multitude of types, and trades under widely diversified conditions. If engaged in what is known in the Colonies as "town trade," he usually differs but little from the same class in European centres, being equally efficient and keen in the attractive fitting and dressing of his store, and, if trading on a sufficiently extensive scale, equally insistent on having his own buying agent in London, Manchester, Paris, or other European centres.

The General Storekeeper.

A far larger class, however, are the general storekeepers of the small towns and agricultural districts. These include many strangely diverse types. Readers of fiction with a Colonial setting all know the gentlemanly young clerk who is sent "up country" by the benevolent and appreciative wholesale firm who employ him to open a store as their trusted factor or "tied" customer. Well, he exists to-day in only few cases, and in even fewer localities. More common, and more true to nature, is

the hard-headed, hard-living white man who has invested a small capital of his own in his store, is only too often tied by indebtedness to a wholesale firm, and is fighting for his life against the keen competition of some Greek, Indian, Chinese, Japanese, or Syrian trader able to live on the traditional ha'porth of rice a day. In some markets, particularly in the Far East, the white storekeeper is non-existent, the ground being covered by native traders, or, as in the case of British East Africa, by brown aliens in the shape of the ubiquitous Goanese.

Roughly, it may be said, native markets are served by Asiatic storekeepers, or, as in native locations and some "stations," by general dealers of European nationality, who exist partly on a system of barter; while the peripatetic trader, with no premises but his wagon, has also to be reckoned with. In the smaller towns and villages the general storekeeper monopolises business, selling everything from a needle to an anchor, from fancy drapery to a plough or a rifle. He is always a local magnate, and his store is as much a centre of social life as the church itself. Besides being every kind of tradesman rolled into one, he is also something of a banker; he buys up the produce of his district for sale to the wholesale merchants; he often keeps a liquor bar; serves as legal and medical adviser to the community; acts as agent for anything and anybody; and not infrequently ends his career as a member of his District Legislature, with the prefix "Honourable."

The storekeeper, no matter to which of these classes he belongs, is the immediate link with the consuming public, but it must clearly be understood that he is only in rare and exceptional cases an importer. It is not his custom that the shipper has to solicit, for in the export business there is not, or should not be, any parallel whatever to the home system under which many manufacturers go direct to the retailer. The wholesale merchant is, for the present at any rate, the necessary go-between, and it is

he accordingly who forwards the indents on which the manufacturer's shipping representative books his orders.

Merchant Shipper and Commission Buyer.

The colonial or foreign wholesale merchant is, therefore, the actual buyer and importer, and it is his custom that the manufacturer must solicit. Yet the oversea merchant does not as a rule place orders direct, nor is he financially responsible to the manufacturer whose goods he imports. That is where the merchant shipper and the commission buyer come in. These two classes are the main channels through which indents reach the manufacturer; or, rather, through which the various orders embodied in indents are distributed among manufacturers.

The merchant shipper may briefly be described as one who buys on his own initiative and responsibility, and factors the goods wherever he can find a market abroad. The more advantageously he buys, so much the greater is the profit he can make for himself. On the other hand, he loses when the markets go against him. His *clientèle* consists of importers who have no buying house or agents of their own. He executes indents at first-hand, and is an independent middleman. His customers generally pay cash against documents, or accept bills at from 30 to 90 or more days after sight, according to the distance of their market, and the consequent time required for shipment and delivery. In some cases he may give credit when reasonable guarantees are forthcoming, or when personal knowledge of the indentor renders the transaction safe.

His custom is of enormous value to the manufacturer, for his *clientèle* covers a very large section of the importing community, including firms of both large and small means; in addition to which he is not restricted to purchases definitely indicated by his clients, but, buying on his own account according to the state of the supply markets, he has always stocks to move, and thus becomes in some sense an effective selling agent on behalf of the manufacturers

whose goods he has bought Particularly is this the case in regard to the average merchant's speculative buying to meet anticipated rises, under which system it is common for him to contract to take, say, so many tons of bar iron within a stated period, and consequently he is under the necessity of finding customers for that quantity

The position and functions of the commission buying agent are quite different He buys at a fixed rate of commission for certain oversea importers, who are known as his "marks," and are in some cases "supported" by him to a considerable amount of credit He receives indents from his "marks," places the necessary orders with the manufacturers, gives the latter shipping instructions, and accepts full financial responsibility In law the buying agent is the manufacturer s customer, though in actual fact, of course, the importer is the ultimate customer

As will readily be realised, the question of credit is a vital problem in the export trade, for legal redress against defaulters in distant countries is difficult to obtain, while it is impossible for a manufacturer in Great Britain to secure reliable and intimate information concerning the status of clients in all parts of the world Hence the primary necessity for the existence of the merchant shipper and the commission buying agent with their specialised interests and knowledge

Summary.

Thus, broadly, the machinery of export business has been sketched in The importer, either a wholesale merchant or a large retailer, prepares and dispatches his periodical indents to his own buying house or agent in Europe, or, lacking either of these, to a general shipper These latter then distribute the business to the best advantage among manufacturers and hold themselves financially responsible

Upon an understanding of these simple facts the manufacturer must base his campaign to secure export trade.

Obviously he must make the oversea importer want to buy his goods, or they will not figure specifically in the indents. On the other hand, he must take no action which will appear to make him go behind the shipper or commission buyer, for to antagonise either of these means closing the door of the shipping business to him. There are, it is true, certain trades and circumstances in which direct trading between the manufacturer and the oversea importer does not clash with the interests of home merchants and buying agents, and therefore becomes either necessary or permissible, but these are merely the exceptions which prove the rule.

The only safe principle, as will be rendered apparent in its proper place, is to avoid direct trading in any form. At the same time, however, it is useless to rely on the orders which a shipping representative may pick up in London or elsewhere in Great Britain. In fact, salesmanship must commence at the importer's own door. How this apparent anomaly may be overcome will also be demonstrated in a later chapter.

CHAPTER III

THE INDENT: WHAT IT IS

INDENT and order not identical—Origin of the term "indent"—It has no set form—How the Home buyer handles it—Factors which influence his expert judgment—The "Open" or "Discretionary" Indent—Classes of goods which must be bought at the Home buyer's discretion—The "Specific" Indent—Reasons for its increasing adoption—A new power at the manufacturer's disposal—Why the manufacturer's selling campaign must be transferred from Home centres to oversea markets.

AT this point it may be as well to render clear what an indent actually is. It is not, as so many are inclined to believe, nothing more or less than an order under another name. In actual fact it is an instruction to buy a given article or, more generally, a list of diverse articles.

The origin of the term seems to be identical with that of the legal deed known as an indenture, and arose from the old practice of cutting or indenting the edges of duplicated deeds, so that they were exactly alike on comparison. However that may be, the indent constitutes in theory an authoritative and binding instruction to an agent, and it is also prepared in duplicate, or even in triplicate, one copy being retained by the importer.

There is, however, no set form for the indent. Every importing house follows its own custom in preparing these documents. In some cases a complete foolscap folder is used, with neatly engrossed first page, the indenting firm's name imprinted at the top of each of the succeeding pages, and the items carefully collated under their respective trade headings. From this elaborate style down to a thumb-marked scrap of paper the indent varies its guise, but in essence it is the same thing regardless of its form.

Handling the Indent.

On its arrival, the buying agent analyses it, and fixes up with the representatives of suitable manufacturers

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of the different classes of goods to show him their samples and give him quotations—that is, if the articles required are neither proprietary branded lines, nor definitely specified in the indent as to maker, range, size, price, etc.

This buying process is very far from being a simple matter of carrying out cut-and-dried instructions. In every well-equipped buying office a special room is provided, with carefully arranged lighting, and broad counters for the display of samples. Experts, too, are employed for each trade, or group of allied trades, and on their judgment the success and profit of the importer materially depend. Further, questions of price and quality are not the only matters which have to be taken into consideration. Designs and patterns to suit local tastes in different markets, and in different districts of each market, have to be selected on the strength of the buyer's intimate knowledge of these things—he has usually served in the capacity of salesman or buyer on the spot for a number of years. Time required for delivery is another matter which has to be taken into account, as well as the general reliability of the manufacturer, and his experience in packing and preparing for shipment. These things necessarily turn the scale when competition is keen.

Next comes the making out of the actual orders. This is done on forms of which the only special characteristic is that each invariably bears the identifying numbers of the indent, and of the item in the indent, on which the order is based. In addition to the actual order, detailed instructions are also provided by the buyer as to packing, marking, invoices required for consular and other purposes, etc. The final stage of the whole procedure is reached when, the manufacturer having notified the agent that the goods are ready for shipment, the latter are inspected by the buyer—a practice, by the way, which is honoured quite as much in the breach as in the observance by many firms—who then issues the necessary shipping instructions.

"Specific" and "Open" Indents.

Although, as has been stated, the indent is in essence always the same, it is necessary to explain that for practical purposes two classes are recognised—the "open" and the "specific." These terms are self-explanatory, but they possess a fuller significance than is at first apparent.

The "open" indent simply contains general instructions to buy goods of a certain class or classes, leaving upon the commission buyer the entire responsibility of buying where and what he regards as most advantageous. His expert judgment is solely relied upon in regard to suiting the indentor's local market, as well as securing the best possible combination of quality and price. As a rule the "open" indent is elastic even as regards quantities, the buyer, in fact, being given a wide latitude in every respect. This, it is obvious, is necessary in buying many kinds of goods, the market quotations for which may change daily, or which depend for their saleability on constant variety and novelty of pattern. Men's fancy hosiery, neckwear, etc., may be quoted as examples of articles which must always be selected at the London buyer's discretion, for samples shown in an oversea market would be stale by the time an indent reached England, if, indeed, the stock of the particular patterns were not already sold.

Nevertheless, the custom of specifically indenting for certain brands or makes of goods has grown enormously in recent years. This has been due to a combination of causes, chief among which may be reckoned the greater facilities which have sprung up for rapid communication and transport between the countries of the world, the increased use and advertisement of brands and trade marks by manufacturers and shippers; and the vastly wider employment of commission agents and manufacturers' representatives abroad. These latter, it should be understood, do not actually book orders, their duty being to persuade importers to include a particular maker's specialities in their indents.

The importance of the development of the practice of specific indenting lies in the fact that it has placed in the manufacturer's hands the power of controlling his own success or failure in the export trade. He is no longer under the necessity of restricting his selling efforts to the home buying houses whose ear he is fortunate enough to gain—indeed, the specific indent puts him entirely out of court if he does this—but it does most distinctly place him under the necessity of having his advertisements before the eye, and his representative at the elbow, of the importer abroad when the latter is drafting his indents.

The specific indent has grown out of the importer's increased knowledge of sources of supply, and his more practical and intimate interest in his own buying operations. Every year he becomes less and less inclined to trust entirely to the expert knowledge of his buying house in Europe, and tends more and more to give the latter explicit instructions, with no other duties to perform than to "confirm" his orders. Hence the manufacturer's opportunity and necessity for transferring his selling campaign from London and other home centres to the oversea markets he wishes to serve.

CHAPTER IV

TYPES OF OVERSEA IMPORTERS

KNOWLEDGE of types of importers essential—"Coast houses"—Methods of elementary barter—Duplication of profits—Former monopoly of "Coast houses" vanishing—A new class of wholesale importers—"Tied" firms achieve independence—Specialisation not usual—Specialisation in mining machinery trade, etc.—Large importers possessing their own European buying houses—Smaller importers who employ commission buying agents—Merchant-Agents—Importers who hold so-called "buying agencies"—Australian "proprietary houses"—Oriental "native" importers—The West African negro merchant.

To an understanding of the indent system it is obviously necessary to add an intelligent idea of the character and conditions of those responsible for drafting the indents.

Coast Houses.

First and foremost among these stand the great colonial and foreign merchant firms who were at one time most commonly known as "coast houses," a term which, however, is not so accurately descriptive as when it was originally coined, and is consequently falling steadily into disuse. Until comparatively recent times the entire work of importation and wholesale distribution in the colonial and South American markets was in the hands of firms of European nationality established at the principal ports of entry, and in the Far East similarly constituted firms at the Treaty Ports performed the same functions, and held the same controlling position. Hence the term "coast houses." Through them only could the "up-country" storekeepers or native merchants obtain supplies from Europe, or dispose of the local produce which was largely bartered by farmers and others to the retailers in place of cash transactions. In fact, under the primitive conditions prevailing in new markets, the business done between the "coast houses" and the storekeepers was also mainly

a matter of elementary barter, a system which led to a considerable multiplication of profits. For example, the storekeeper first paid the merchant's profit on imported goods, and then added his own profit when selling to the colonial or native farmer; but when taking payment from the latter in kind, he only did so at rates which would allow him to see a profit when disposing of the produce to the coast wholesaler, who again looked for a further profit on the London market.

The halcyon days of this kind of thing, when a peddling trader often ended his life as a merchant prince, are gone for ever; but in a modified way the system still survives, and the "coast house" is, individually, still the autocrat of the colonial and Eastern markets. In most cases it will be found to have established its branch houses at important inland centres, often on a larger scale even than the parent concern; while its original buying office in London will have become the headquarters of the senior partners—who may possibly possess mansions in Park Lane—and will have blossomed out into a general merchant shipping house with the widest possible ramifications. In essence, however, it remains the old and original "coast house," but without the monopoly it formerly possessed.

Competitors of Coast Houses.

That monopoly has been destroyed by the rise of another, and, in the aggregate, more important class of wholesale concerns. These represent a younger generation of the business community who, starting as shop assistants fresh from Europe, or possibly landing in one or other of the colonies on a health tour, but in either case possessing some small capital or credit, have succeeded in founding and building up prosperous mercantile firms. Two other lines of similar development in the colonies are represented by erstwhile storekeepers who have found opportunity to superimpose wholesale activities on their primary businesses; and manufacturers' agents who have been in a

position to counter the prejudice and opposition to their work displayed by many of the older-fashioned merchant houses and home commission buyers, by making up their own indents, and, where necessary, entering into something akin to a partnership arrangement with a shipping house in Great Britain, under which the latter "confirms" all orders they may forward.

All of these forms of competition with the old "coast houses" have been able to break the monopoly of the latter owing to two factors. One has been the natural growth of such markets as Canada, Australia, New Zealand, and, more recently, South Africa, beyond the scope of any limited wholesale interests, powerful as they were and still are; the second has been the fact that the newer order of wholesale concerns has been started since the days of complete monopoly, and consequently such concerns have never been "tied" by credit dealings with a "coast house," or, perhaps, having at one time been so "tied," have been able to pay their way to complete independence in some period of "booming" prosperity, such as that which occurred in South Africa immediately after the close of the Boer war It may be stated as an invariable fact that every colonial "boom" leaves its mark in this way.

These wholesale importers are, in a majority of cases, "general merchants" in the fullest sense of the term, for in the colonies and other comparatively new markets, specialisation has not reached anything like the degree to which it has been developed in Europe. That is a point which the would-be shipper often fails utterly to understand and appreciate, and consequently he makes some serious mistakes in planning his export campaign. In making agency arrangements, in advertising, and in various other forms of selling effort, his home-trained instinct rebels against the idea of one and the same man successfully selling soft goods and ironmongery, or of a journal containing advertisements of machinery being equally interesting to the buyer of hams and bacon. Yet in actual practice

the oversea importer, as in the case of his client, the storekeeper, sets no limit to the kinds of goods he is willing to handle, so long as a reasonable profit attaches, and is accordingly as much interested in one set of samples or advertisements as in another, and appreciates the convenience of having them displayed by one agent or under one cover.

Of course, as a market develops in scope and importance the general merchant begins to find the competition of specialist firms making itself felt in particular directions. In a mining country, for example, the mining machinery merchant with expert knowledge becomes a necessity. So, too, in the larger towns the time comes when specialisation is a feature of some of the leading stores, and these, starting by importing their special class of goods on their own account, eventually become specialist wholesalers. That, however, is far from making specialisation general in oversea markets.

Merchant-Agents.

From the shipper's point of view these various types of importers may roughly be divided into two, viz., those who have their own buying houses in Europe, and those who indent either on their own commission buying agents or on merchant shippers. The first class represent the large buyers whose orders every shipping representative is keen to get. The second are mostly smaller people whose requirements may mean valuable business in the aggregate, but have to be dealt with in an infinitude of small lots, practically retail in character. This, as already stated, is a rough generalisation, and there are exceptions to it, though no more than sufficient to prove the rule.

Included in one or other of these classes are what may be described as merchant-agents, who again may be subdivided into at least three types. One is represented by such influential concerns as the large houses which, having acquired the sole rights for the sale of a speciality, import

substantial stocks, do their own advertising, and utilise their wide distributing organisation for pushing sales. The second, and almost identical, type is found mainly in the machinery trade. Probably doing a general engineering supply business, firms of this kind will hold the agency rights for a number of specialist machinery or material manufacturers, and, without carrying stocks other than model or sample sets and installations, will tender for contracts on their own responsibility. In fact, they trade as principals in every respect, except that they send the contracts they secure to the manufacturers they represent for execution, superintending only the importation and erection of the plant. Such firms undertake any local advertising that may be necessary, often employ qualified engineers as salesmen, and organise at their own expense, or in co-operation with the manufacturers, stationary or working displays at public exhibitions, agricultural shows, etc., or enter their machines for competition in such events as rock-drilling contests, ploughing trials, etc. The services of this class of firm are always at a premium.

Buying Agents.

The third type is usually spoken of as a buying agent, a term which, though literally descriptive, is unfortunate because it is more familiarly used to designate the home commission buyer—another class altogether. The buying agent is simply a merchant who secures a territorial monopoly for a special article, and whose orders may be in some cases accepted direct by the manufacturer instead of being "confirmed" in Europe, but who is in all other respects regarded as an ordinary importer.

"Proprietary Houses."

Enough has been said to render clear the broad differences and distinctions prevailing among importing houses throughout the world, yet the subject could be pursued much further if an attempt were made to trace all the minor

variations that exist, such, for example, as the "proprietary houses" of Australia. The inclusion of the word "proprietary" in the titles of these concerns is a subject of considerable interest and speculation to the uninitiated, but, as a matter of fact, it has no bearing on their ordinary functions as importers, merely signifying that they are constituted under a company law peculiar to Australia. Not only is a "proprietary house" a limited liability concern, but the number of the partners or shareholders is limited to a maximum of 50, in view of which fact it operates under less stringent regulations in regard to the publication of accounts, etc. The object of the "proprietary house" system is, in fact, to facilitate the turning of a partnership or family business into a limited liability company without the inconvenience of full publicity in cases where no public interest is involved.

"Native" Importers.

Finally, there are the various types of "native" importers who have to be reckoned with in the shipping business. These are practically all Orientals—Japanese, Chinese, Indian, Goanese, and Egyptian—a description which it is not unfair also to apply to the Levantine merchants, though, strictly speaking, they are largely of South European nationality. The West African negro merchant stands alone, and, as a wholesale importer, is negligible n number and importance.

CHAPTER V

THE "NATIVE" IMPORTER

A CLUMSILY indiscriminate term—Some classes of "native" merchants attaining Western status—India's merchant princes—Bazaar traders—Monopoly of "white" merchant houses gone—"Native" importers' special knowledge of native customs—Mohammedan and Hindu festivals which create trade opportunities—Financial strength of Indian merchants—Inherited tendency to invest in portable jewellery and precious stones—The Goanese merchant—Complex and highly developed Japanese merchant system—China's merchant system less advanced — "Comprador" system developing — Chinese "native" importers few in number, but likely to increase—Levantine merchants' qualities and defects—Agency terms preferred—Questionable status and practices—Native chambers of commerce—"Long firm" swindles.

IT is unfortunate that the word "native" is generally regarded as conveying, to some extent, a derogatory meaning when applied to the wide variety of types of importers who are not of European nationality. Indeed, it is necessary to protest against the use of a term which, with clumsy indiscrimination, places in one and the same category a Mitsui of Japan and Joe Saucepan, the sample-hunting negro trader of Lagos or Sierra Leone. Every year sees further developments among the great trading communities of the East which tend to place the so-called "native" merchant more nearly on a level with the white importing houses, and the number of such merchants who manage to establish facilities for importing on their own account is constantly increasing. It would be utter folly for the British manufacturer to ignore this tendency. It is money that talks in this as in most other business matters, especially if money is coupled with a reasonable standard of commercial morality, and it is just that combination which many "native" merchants have acquired, and are further acquiring.

The Indian Mercantile Community.

Take first the vast Indian mercantile community. It includes some of the world's great merchant princes, such as the wealthy Sassoons of Parsee origin; while it also includes thousands of small bazaar traders, or men who are laying the foundations of future important businesses by the fulfilment of canteen contracts for the British regiments on garrison duty in our Eastern Empire. Between these extremes there are innumerable degrees of wealth and influence to be found, and it is necessary to recognise that in all except the lower degrees an army of importers, or potential importers, exists. No matter what may be the point of view in this respect, it is idle to deny that the former monopoly of the white importing houses has entirely vanished. The native merchants are canvassed by the agents and travelling representatives of European and American firms, and are keen and intelligent students of both the editorial and the advertisement pages of the trade journals, so that their knowledge of buying sources is often remarkably comprehensive and up to date, and they are consequently fully equipped to go right past the big merchant concerns, and import direct on their own account.

In another respect they also possess expert knowledge which gives them special facilities as importers. They naturally understand, with an intimacy and accuracy which no white man can hope to equal, the particular tastes and requirements of their own people. In India, for example, the vast number and intricacy of caste prejudices have an enormous influence on trade done on native account. Religious feasts and similar events also create periodical demands for certain classes of goods in regard to which fancy and fashion have to be carefully gauged beforehand. The Mohammedan Eed feast and the Hindu bathing festivals all give rise to business of a special character. The cheapest and most trumpery articles are bought by natives in great quantities to give as presents at the Holi feast in

March; but are not in request at all for the Dewali feast, which occurs about October, when presents of a much more substantial and expensive kind are exchanged. The native merchant understands not only exactly what to buy for these occasions, but when to buy it to arrive opportunely, which latter is an equally important point, for it is no unusual thing for consignments to miss the date of these feasts through arriving, say, on what happens to be a day when the Customs houses are closed for the benefit of the Mohammedan or Hindu officials and employees engaged in the observance of religious rites, or for a score of similar reasons. His intimate knowledge of such matters frequently enables the native merchant to score when buying, and gives him a distinct position as an importer.

Not only has he the necessary expert acquaintance both with his own market and with the world's sources of supplies, but in many cases he also has the financial ability to go past the merchant shippers by enlisting the services of a "confirming" house in London or Manchester. Indeed, it is equally the strength and the weakness of the Indian native mercantile community that its members possess great wealth, yet fail to use it fully. Even the most wealthy among them are invariably subject to the inherited and ineradicable Oriental habit, bred of centuries of cruel necessity, of hiding their money in such highly portable, convenient and easily hidden investments as jewellery and precious stones. If ever an Indian Pierpoint Morgan arises he will not buy old masters, but will put his heart and his money into the collection of priceless diamonds, pearls and rubies. That is what every native capitalist does in his degree, and therefore it should not be assumed that his credit is to be gauged only by the paper securities he can lodge with the banks.

The Goanese Merchant.

First cousin to the Indian merchant is the Goanese. He is a distinct commercial type, dominating many of the

primitive markets of the world, and carrying on in scattered countries the commercial traditions and characteristics of his forebears when Old Goa, with its splendour and wealth, was the glory of Portuguese Western India. In East Africa and similarly conditioned markets he is the aristocrat of the trading community, often a man of considerable substance, and serving as the medium for the distribution of imported merchandise among native and "coolie" traders, who retail it to the smaller settlements and among the aboriginal tribes. The patience and skill of the Goanese merchant in driving a bargain are proverbial, and, although his business methods are not always exactly in accordance with Western ideas, he nevertheless holds a deserved reputation for reliability and honour such as is not so readily accorded to most other types of Asiatic traders. He is above all things adaptable, and the small storekeeper of a native village often develops with the growth of his market into a large wholesaler, able to take rank with the local white importing houses. More than one among the minor commission buying agencies which are plentiful in London is financed by Goanese clients' money, both the credit and capital of the white agent being really those of the despised brown principal.

The Japanese Merchant.

Turning to the Farther East, we find in Japan a native mercantile system scarcely less complex and highly developed than our own. In fact, from the point of view of the European shipper, it demands little or no essential difference of shipping methods, selling and agency arrangements, etc., from those employed with European, South American, or Colonial markets; and, as previously remarked, there is no real warrant for including Japanese merchants in the category of "native" importers, using that term in its special and proper sense. Just as European firms have branch establishments in Japan, so the leading Japanese mercantile concerns have branches in London

and other parts of the world; and just as there are firms of European nationality trading solely in Japan, or with their headquarters there, so there are Japanese firms established in England and other Western countries.

The Chinese Merchant.

China is by no means so far advanced in this respect, but its huge market is passing through a stage of transition which seems likely to bring the native importer to a position such as he has never yet occupied in the whole history of the country's trade with Europe and the United States. For various reasons into which it is not necessary to enter here the old "comprador" system is developing into something much wider in scope and importance. With the steady opening up of the market under more liberal political conditions, the Chinese merchant operating as a "comprador" is proving less and less willing to remain merely the agent or go-between for the large European houses at the Treaty Ports, particularly as he now finds himself increasingly in competition with new and smaller white importing firms, and realises that their opportunities for independent importing and direct dealing with up-country native merchants are his also. The example set by Japanese merchants, many of whom are established in China, is also not without its effect, and, indeed, Japan's complete adoption of Western methods, and achievement of Western status, can obviously be equally well accomplished by the Chinese commercial community now that their immemorial hide-bound traditions and prejudices are being swept away by revolutionary political changes.

So far, however, the Chinese native importers are few in numbers, and do most of their business through merchant shipping houses, there being probably scarcely half a dozen with their own buying agents in Europe. It is necessary, therefore, for the manufacturer or shipper who desires to develop his business with China to realise that his direct customers must still be, in the main, houses of European

and American nationality established at the Treaty Ports, and such inland centres as Hankow, but, for all that, interest in the native importer should not be allowed to become a dead letter, particularly as time passes, for one of the certainties of the near future is that the Chinese merchant will forge new and far-reaching direct relationships with the manufacturing countries of the Occident.

The Levantine Merchant.

In the Near East the Levantine merchants form an important but mixed class of importers, many of whom are wholly or partly of European race, and therefore not "native" importers in the special sense in which the term is used in these pages, though their methods and characteristics make it convenient thus to classify them. Egypt probably shows the Levantine merchant at his best and worst. He may be of Maltese, Greek, Hebrew, Syrian, or Coptic blood, or he may be of mixed race, but he is invariably Oriental by instinct and habit. A brilliant linguist, and thoroughly understanding the people among whom he does business, he makes an ideal salesman in dealing with his particular class of customers, with their perverse, leisurely, and yet keen, methods of bargaining, and their love of illicit gain even at the expense of more substantial legitimate advantage. Unfortunately the Levantine importer's very qualities on the selling side of his business become defects in dealing with Western manufacturers and shippers, among whom he has a reputation which, it must be admitted, is deservedly bad. In a sufficient proportion of cases to justify a ruthless generalisation it may be said that he suffers from an impediment to straight and clear dealing, and, although there are numerous exceptions, the task of sifting the chaff from the wheat is apt to prove a matter of time and painful experience for the shipper.

Levantine Firms and Agencies.

Limitations of capital, and inability to obtain the support or services of "confirming" houses, induce

Levantine firms to prefer trading on agency terms, and their comprehensive appetite for agencies is probably familiar to every manufacturer who is the proprietor of a brand of any repute whatever. The fact that the *del credere* system is, perhaps, more common in the Egyptian trade than in any other is sufficiently suggestive of the nature of manufacturers' and shippers' past experience of Levantine agents. There are, of course, plenty of sound and reputable importing houses in Egypt and the Eastern Mediterranean countries, and they are not necessarily all of European origin, but in opening business relations with these markets the strictest precautions should invariably be used. Business letter headings may prove to have been specially printed for the purpose of making agency applications by the rankest of swindlers, and the fact that a firm trades, or professes to trade, under a style ending "& Co." provides no guarantee whatever. Even when an importer is actually able to prove that he is doing a good turnover, and is meeting his engagements with regularity, he is still not beyond suspicion, for he may be using a high-class agency as a cloak for various nefarious practices, such as the substitution of an inferior article under a world-famous label. Practices of this sort have been exposed frequently in the Egyptian courts, but, unfortunately, legal redress for commercial complaints, and powers for the enforcement of claims and the recovery of debt, are not easy to obtain. In fact the administration of commercial laws in Egypt was for years little short of a scandal, and even under present political conditions reform has not advanced far—a condition of things which naturally encourages malpractices by the class of mercantile adventurers whose exploits rob their market of its reputation. Yet the market is a valuable one, possessing plenty of importing houses of excellent standing, and the manufacturer or shipper who desires to open business relations with this part of the world can safely do so by taking the obvious precaution of consulting the British Chamber of Commerce

at Alexandria, or one of the other numerous European chambers locally established.

Native Chambers of Commerce.

Speaking of chambers of commerce reminds us that information or recommendations obtained from the native organisations of the kind in Egypt, India, or any other market, need careful scrutiny. As a rule, such chambers are bodies of real local influence and worthy of the fullest respect, but there are cases in which they represent nothing but corporations for perpetrating "long firm" swindles. For example, it is no uncommon trick for a native firm to stipulate for all points of disagreement in regard to an order or contract to be referred for arbitration to the local chamber of commerce, and it is then a simple matter to take delivery, declare that they are not according to sample, or that some specification has not been adhered to, and promptly to seek judgment as prearranged. The firm's fellow conspirators on the chamber simply give a verdict against the shipper, and then share the loot. Matters of this kind compel extreme wariness in dealing with new clients among native importers in all markets, but in spite of all this it would be folly to conclude that all merchants of non-European race do not influence a vast amount of business of the highest value, or that their methods are necessarily corrupt. They must become increasingly important factors in the export trade every year, and the number who are perfectly sound and honest will seldom resent the strictest inquiries, or object to conforming more or less fully to Western ideas of doing business.

CHAPTER VI

THE MERCHANT SHIPPER

A CHALLENGED position—The merchant shipper still master of the situation—His power and his services—Conditions inimical to the manufacturer—Some successful challengers—As a market develops, the merchant shipper loses his grip on it—A surprising level of prestige—"Indents through Home merchants only"—A sacred doctrine—Small and mixed shipments rendered profitable—Facilities for importers—Manufacturers' own prices sometimes beaten—A valuable selling factor in the textiles trade—Failure in other directions—Focussing points of small indents—Some criticisms—No longer a trade creator, but merely an intermediary.

THE merchant shipper is one of those institutions which seem to flourish the more they are criticised. He was for centuries the overwhelmingly predominant factor in the building up and maintenance of export trade, and, although his position is to-day being challenged on vital issues, he nevertheless counts for so much, and is so largely master of the situation, that no manufacturer can hope to succeed in, or even gain entry to, the export trade, without fully comprehending the extent of the power which the merchant shipper wields, and the nature of the services which he renders as a middleman.

Merchant Shipper's Power and Services.

Primarily he stood between the manufacturer and an unknown world—in fact, a world of business opportunities which would never have been explored nor exploited but for his pioneering enterprise. That was at a time when British manufacturers had practically no foreign competition to face, so that middlemen's profits had no influence on the course of trade, but were fixed solely by the oversea buyer's capacity for payment. Thus, the manufacturer had no reason whatever for informing himself concerning the conditions and requirements of oversea markets, the financial status of buyers in those markets, nor even as to the methods employed to obtain the interest and indents

of such buyers. All such matters were outside his province, and he was content to leave them so while the orders given out by merchants were large, regular and profitable, and while the merchants not only took all financial responsibility, but also actively stimulated trade with foreign countries, and undertook the work of definitely and fully instructing manufacturers as to special requirements. It has to be recognised, however, that those were conditions which provided manufacturers with a bad apprenticeship for the time when they had to face severe foreign competition. It left them sadly out of touch with the keener necessities of export trade, and, worse still, it kept them to a certain extent both ignorant and afraid of new developments in export trade which grew up outside the scope of the merchant shipper's influence.

Nevertheless, manufacturers have in the main continued loyal to the time-honoured system, and it is not they who have initiated new conditions under which, from being at one time practically a monopolist, the merchant shipper has become to-day only one of a number of equally legitimate channels through which export business is transacted. The commission buying agent, the European branch of the oversea merchant firm, the direct importer, the commission selling agency modelled more or less on American and German lines—these have all successfully challenged the position of the merchant shipper in comparatively recent times, and have appropriated mainly that important section of the export trade based on the requirements of importers whose capital and turnover justify them in demanding direct access to manufacturing sources, substituting a moderate fixed buying commission for the unknown and uncertain profits of the middleman. It is obvious, then, that in proportion to the extent to which a market develops, so does the merchant shipper's grip upon it become less complete and effective. Consequently the latter's sphere of greatest influence tends yearly to move in the direction of native markets and countries where the

commercial organisation is in the earlier stages of being built up. The trade of such territories is, of course, of the highest value in the aggregate, and usually carries a very liberal margin of profit, so that no manufacturer can afford to ignore it, nor the channel through which alone it can safely be obtained. Holding the strong lever which the control of this trade gives him, and being able to provide definite service of essential value within the limits indicated, the merchant shipper has so far maintained his prestige at a surprisingly high level, enforcing his right to handle an overwhelming percentage of export business to the exclusion of any substantial amount of direct trading between manufacturers and importers. Hence the stipulation "Indents through home merchants only" remains a sacred and unchallenged doctrine with the majority of manufacturers, even where, as in some few trades, or as in some markets, the goodwill of the merchant shipper has become of negligible value owing to the rise of such modern circumstances as have been indicated.

In short, the manufacturer is taught by established tradition and immediate facts that he must not on any account antagonise the merchant shippers by attempting to pass them by, with a view to doing business direct with export markets, and as a general rule his unswerving adherence to this policy is beneficial. Not only is any departure from it certain to be punished by the refusal of the merchant shipping houses to pass further orders to the manufacturers convicted of accepting direct business, but it is beyond question that without the export merchant's services a great deal of shipping trade would not be worth doing. For example, the examination of an ordinary mixed indent shows at once that the separate items could not possibly be shipped economically by the different manufacturers interested, though by making them up as one consignment the merchant more than earns his profit by the saving in freight, time, labour and worry which he accomplishes. In addition, the wholesale shipper relieves the manufacturer

of financial responsibilities which the latter would in most cases be quite unable to assume for lack of sufficiently intimate knowledge of the status of buyers in numerous and distant markets, and, be it added, for lack of the necessary resources for supporting credits from China to Peru.

From the point of view of an immense body of importers, also, the merchant shipper represents an indispensable portion of the commercial machinery. His services in regard to the mixed indents comprising numerous small items are quite as essential to the importer as to the manufacturer, and there are many colonial and foreign firms who would remain mere clients of their larger wholesale competitors, paying two profits in place of one, if the general shipper did not provide them with the facilities for importing on their own account. He also may generally be relied upon for more liberal, or at least more convenient, credit terms than manufacturers can or will grant. Further, it is no unusual thing for him to be in a position actually to quote lower than the manufacturers from whom he buys, an apparent anomaly due sometimes to his ability to make contracts when markets rule low previous to a rise, and still more often to his willingness under stress of competition to share with his overseas clients the higher profits he can make by buying in large quantities.

In some trades, too—notably cotton and woollen piece goods—the merchant shipper's position is rendered permanent and secure by the fact that he operates under conditions which are practically equivalent to those of the manufacturer. By pushing sales instead of waiting for indents he actively creates trade, studying his markets with expert attention, making himself responsible for designs and patterns, and season by season commissioning manufacturers and acquiring stocks without regard to orders definitely in hand. Where these circumstances prevail the merchant shipper justifies his existence equally to the manufacturer and the importer, and, in spite of the

arguments of a certain school of commercial economists, is no parasite, although a middleman.

Where the Merchant Shipper has Failed.

Turning again to the general export business, however, it cannot be said that anything like the same conditions prevail as in the piece goods trade. The merchant shipper does useful service, as explained on a previous page, but not sufficiently useful or comprehensive to maintain his old indispensable position. It is not difficult to see wherein he has failed. Briefly put, he has not always carried on that selling service which he originally performed, but, generally, has deteriorated into something approximating to a shipping agent whose work would, in many cases, be more suitably and adequately repaid on a commission basis. It is true that he is the focussing point for the smaller class of indents, but he cannot be said to create those indents by his own selling effort, his only claim to the manufacturer's solicitous consideration being that he disposes in the aggregate of a mass of orders, even though tied in respect to a large portion of specific indents, the nature of which was explained in Chapter III.

Whatever else may be said for or against the general merchant shipper, the one vitally true criticism which may be levelled at him is that he has so generally drifted away from the position of being virtually a principal, and, by relaxing his selling effort and minimising his responsibilities, has evolved into a type of middleman whose services to the export manufacturer rank on much the same level as those of the commission buyer and other similar products of modern conditions.

Power of Merchant Shipper Weakening.

There are other criticisms to which the general export merchant may be subjected. For example, it may be argued that in relinquishing his former *rôle* of sales creator he has lost both interest and power to direct the character of export trade, and is no longer careful, or even able, to

push the products of his own country, handling home or foreign manufactures with equal readiness. For those and other reasons the traditional dominance of the merchant shipper is weakening, and the student of export business conditions is consequently forced to the conclusion that any manufacturer undertaking a campaign to secure trade with oversea markets must, in order to be successful, extend his activities to cover a far wider field than the merchant shipper can claim to represent, though he must do so without ignoring the undoubted influence of the latter, and without arousing his resentment. How that may be done will be made apparent when export selling methods come to be considered in succeeding chapters.

Before passing on, however, it is necessary to emphasise the fact that, if merchant shippers as a body performed their functions fully and completely, there would never arise the possibility of manufacturers contemplating action of any kind that would affect their mutual relations, and it is only the necessity of facing facts as they are, instead of as they ought to be, that compels reference to the subject in these pages. Obviously it would be infinitely more advantageous for the manufacturer if he could still confine all canvassing for export business to merchant shipping houses established in his own country, and, equally, he must look with misgiving at any tendency which seems to point to the likelihood that he may some day have to undertake financial responsibilities in regard to oversea accounts such as are now shouldered by merchants and commission buyers. The manufacturer is now forced by the keenness of competition to spend large sums annually on representation and advertising in colonial and foreign markets; in fact, to organise and carry to success the selling campaign which could formerly be left to the merchant shippers to carry out in their own interests; but it will rightly require a much graver situation to arise before he will willingly venture to trench upon that side of their work concerned with the financing of export orders.

Summary.

To sum up, the merchant shipper is to-day mainly concerned with native and partly developed markets in which comparatively small importers are numerous, and whose indents are very general in character. In regard to the larger markets he often plays a part which approximates very closely to that of the commission buyer, and, in fact, it is no uncommon thing for him to handle a number of accounts purely on commission lines, thinking himself especially fortunate if he can secure the commission buying agency for an overseas municipality in addition to his ordinary business. His failure is that, as already explained, he no longer creates and fosters trade in the export markets for which he is the intermediary, except in the comparatively few cases where he enters into a kind of partnership arrangement with a manufacturer's agent to "confirm" all the indents secured by the latter—an arrangement founded on trust in the agent's judgment in regard to the safety of accounts which would not otherwise be handled unless on a strict cash basis. Here, again, it is the small importer who becomes his client.

CHAPTER VII

THE COMMISSION BUYING SYSTEM

British origin of the system—How the American and Continental systems differ—British firms compelled to adhere to the British system—London commission houses—Their acceptance of financial responsibility—They widen the distribution of orders—Their freedom in purchasing—No distinction between manufacturers for Home trade and export trade—A British advantage in international competition—A tendency toward retail business—Some markets not covered—Danger of small and casual buying agents—Agents in theory; principals in fact—Agents "supported" by oversea clients—A willing buyer within credit limits—Commission buying terms—Elastic variations—Secret commissions—Rates of commission—Shipping duties—Inspection of goods before shipment—Effect of the "specific" indent on the buying agent's position.—Uselessness of fooling the buyer.

THE system under which importers abroad are able to do their own importing through the media of commission buying agents is entirely British in its origin, and almost wholly British in practice. It is the exact opposite of the American and Continental systems of exporting through commission selling houses, and there is frequent controversy as to the relative advantage of the two systems, usually with the result that each is proved the better for the country in which it has been adopted A rough distinction is that the commission buying system brings the order and the responsibility for payment to the manufacturer's door, while the commission selling system is a concentration of effort on behalf of the manufacturer to carry his goods to the door of the buyer overseas. In the former case the intermediary agent is commissioned by the importer; in the latter he is entrusted with the interests of the manufacturer. Each system appeals to the traditional characteristics of the principal nations employing it, the Americans claiming that theirs is the more pushful, and the British that theirs is a safe and sound method of focussing business relations that would otherwise be spread over the four quarters of the world.

The British System.

However that may be, the fact remains that the British manufacturer has to suit his methods to the commission buying system for the simple reason that he cannot afford to antagonise the buying houses. No matter whether he sees merit in the system or not, it is essential for him to understand it, and to conform to it. In nine cases out of ten, indeed, his natural preference is to do export business through the London commission houses, who stand to him in much the same relation as the merchant shippers. They accept full financial responsibility for all goods shipped to their instructions, and serve in various ways to make export business simpler and safer. Further, they stand for numerous small accounts which would otherwise be unable to import direct, but would be merged in the buying operations of a comparatively few large merchant firms. They thus cause a wider distribution of shipping orders among manufacturers, and, in fact, may be regarded as stimulating export business by giving facilities to small importers to enter the field, while they relieve the manufacturer of all concern as to the safety of such small business. It should be added that the commission buying agent's "marks" are not necessarily all small ones, though he is obviously the natural and only direct channel between the manufacturer and small "marks."

There are other respects in which the commission buying agent may be regarded as a beneficial factor by the manufacturer. In the first place, he does not execute indents from stock, nor is his choice limited by contracts such as the merchant enters into for the purpose of obtaining speculative advantages from market movements. Consequently he is free to place orders with all and sundry firms, thus putting shipping business in the way of many manufacturers who are not in a position to enter upon a definite export campaign such as is an essential feature of the American system. In other words, the existence of

the buying agent gives every British manufacturer an opportunity to gain some share of the national trade with oversea markets, and smooths out any tendency to divide the industrialists of Great Britain into distinct classes of producers for either home trade or export.

Advantage in International Competition.

Moreover, there can be no doubt that the commission buying agent gives Great Britain a very real advantage in international competition. Resident in Great Britain, and usually British by birth and training, he is naturally best acquainted with British sources of supply, and finds it more convenient to place the bulk of his orders in this country. His overseas clients, too, are unconsciously influenced by the fact that they are represented in Great Britain, and that their indents are being dispatched to London or Manchester. Even those who indent specifically, insisting on their exact instructions being carried out, are scarcely less under this influence than those who have no choice owing to indebtedness to their buying agents, or to their dependence upon the financial and other facilities granted by the latter. In fact, it may be said that in a general way the numerous small importers who are nowadays represented by British buying agents are thereby rendered indifferent to, or unable to take advantage of, the most tempting credit terms offered by direct shippers of other nationalities.

A Tendency towards Retail Business.

Against this must be set the tendency, directly traceable to the growth of the commission buying system, for shipping business to become yearly more retail in character. The manufacturer finds himself under the necessity of making up a multitude of smaller consignments for various "marks," as against his former bulk supplies to merchant shippers who undertook the work of distribution from their own stocks.

Some Markets Not Covered.

There is another drawback to the British adherence to the commission buying system. Unfortunately that system is not fully comprehensive. It leaves entirely out of its scope a number of important markets, such as Egypt, China, etc., and, though a good reason for this exists in every case, it nevertheless leaves the British manufacturer at a greater disadvantage in regard to these countries than would be the case if he had not learned to rely upon the system in general. Egypt has hitherto offered too many risks to the buyer contemplating the possibility of undertaking financial responsibilities for clients there; China has not possessed a commercial system suitable for the employment of European buyers by more than a very few of its merchants; and so with some other specially situated markets. The consequence is that many British manufacturers leave these countries severely alone rather than discover how to depart from the beaten track of their usual export methods, or are diffident about attempting new methods because they fear they may thus antagonise the commission buyers, though obviously their fear is wholly groundless and unintelligent under the circumstances.

Danger of "Small" Buying Agents.

Further, it has to be admitted that the smaller commission buying agents who spring up for a season and then disappear are a distinct source of danger. A man, perhaps, gains the confidence of an oversea importer of moderate means, and secures from him his home agency and a certain necessary amount of financial support. He opens an office in London, and, having made some sort of start with the one "mark," seizes an early opportunity to run through his particular market and induce a number of retailers—mere village storekeepers in many cases—to commence importing on their own account through him. He offers to do their buying at a cut rate of commission,

and they are further influenced by the prospect of saving middlemen's profits. They may also have other reasons of their own for opening a new source of supply, while probably leaving a substantial debt standing on the books of the wholesale merchant at the coast. In any case, the small buying agent running cheaply-got "marks" of this kind naturally soon finds himself "in the cart," or puts his own creditors in that interesting position.

Position of Buying Agents.

So much may be said in a general way concerning commission buying agents and their widely differing methods and standing; but a grasp of certain essential details regarding them and their work is also necessary in order to enter into effectual business relations with them. In theory they are the agents for, and subordinates of, their oversea clients; in actual fact they are often the predominating factor owing to the financial facilities they extend to their clients, and to their direct investments in the latters' businesses. In a certain number of cases, on the other hand, they owe their own financial support to a substantial client. No matter what the circumstances in this respect, however, the work of a buying agent is done as an agent, under definite instructions, and for a pre-arranged rate of commission. He is not, and should not attempt to be, a free trader in the sense that a merchant shipper is. He works solely for his clients' profit, and depends for the enlargement of his own income upon the successful increase of the trade of the importers for whom he buys. As their requirements grow in volume so does the amount, but not the rate, of his commission. For that reason he is a willing buyer up to the point where he knows that the limit of a client's credit is reached.

Commission Buying Terms.

The terms upon which commission buying is performed are naturally very elastic. They necessarily vary

onsiderably according to the class of goods handled, and lso according to the quantities bought. Competition to ecure a valuable "mark" will bring the rate of commission own to a minimum; the extension of special credit facili- ies to a weak "mark" will not only provide an oppor- unity to obtain a generous commission arrangement, but lso for charging interest on the amount of capital thus ocked up. There are various minor ways in which the uying agent may increase his revenue, but the one method hich is by common consent anathema, though still largely ndulged in *sub rosa*, is the screwing of special secret commissions out of the manufacturers with whom orders are placed. That sort of thing was all very well in past times, but practically all buying agents nowadays are under voluntarily offered agreement to render original invoices to their clients, and to pass on all discounts, rebates, etc. Consequently, no manufacturer who may be approached with an illicit suggestion otherwise should fee. under the slightest compulsion to become a confederate in what can only be described as swindling the oversea importer. Of course, where the latter, probably under financial bondage to his buying agent, is known to have given tacit, if not open, consent to such a practice, the manufacturer may also have to acquiesce, but he should only do so charily, and should avoid such doubtful and unsatisfactory business as far as possible. The honest buyer does *not* accept special favours for himself under any circumstances, and the manufacturer will usually make a fatal mistake by offering anything of the kind.

Rates of Commission.

As a matter of fact, the commission terms upon which buying agents work are of no practical interest whatever to manufacturers and shippers, but as a matter of academic interest the following rates may be noted as being about the average in normal times, though they are not fully

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and they are further influenced by the prospect of saving middlemen's profits. They may also have other reasons of their own for opening a new source of supply, while probably leaving a substantial debt standing on the books of the wholesale merchant at the coast. In any case, the small buying agent running cheaply-got "marks" of this kind naturally soon finds himself "in the cart," or puts his own creditors in that interesting position.

Position of Buying Agents.

So much may be said in a general way concerning commission buying agents and their widely differing methods and standing; but a grasp of certain essential details regarding them and their work is also necessary in order to enter into effectual business relations with them. In theory they are the agents for, and subordinates of, their oversea clients; in actual fact they are often the predominating factor owing to the financial facilities they extend to their clients, and to their direct investments in the latters' businesses. In a certain number of cases, on the other hand, they owe their own financial support to a substantial client. No matter what the circumstances in this respect, however, the work of a buying agent is done as an agent, under definite instructions, and for a pre-arranged rate of commission. He is not, and should not attempt to be, a free trader in the sense that a merchant shipper is. He works solely for his clients' profit, and depends for the enlargement of his own income upon the successful increase of the trade of the importers for whom he buys. As their requirements grow in volume so does the amount, but not the rate, of his commission. For that reason he is a willing buyer up to the point where he knows that the limit of a client's credit is reached.

Commission Buying Terms.

The terms upon which commission buying is performed are naturally very elastic. They necessarily vary

considerably according to the class of goods handled, and also according to the quantities bought. Competition to secure a valuable "mark" will bring the rate of commission down to a minimum; the extension of special credit facilities to a weak "mark" will not only provide an opportunity to obtain a generous commission arrangement, but also for charging interest on the amount of capital thus locked up. There are various minor ways in which the buying agent may increase his revenue, but the one method which is by common consent anathema, though still largely indulged in *sub rosa*, is the screwing of special secret commissions out of the manufacturers with whom orders are placed. That sort of thing was all very well in past times, but practically all buying agents nowadays are under voluntarily offered agreement to render original invoices to their clients, and to pass on all discounts, rebates, etc. Consequently, no manufacturer who may be approached with an illicit suggestion otherwise should fee. under the slightest compulsion to become a confederate in what can only be described as swindling the oversea importer. Of course, where the latter, probably under financial bondage to his buying agent, is known to have given tacit, if not open, consent to such a practice, the manufacturer may also have to acquiesce, but he should only do so charily, and should avoid such doubtful and unsatisfactory business as far as possible. The honest buyer does *not* accept special favours for himself under any circumstances, and the manufacturer will usually make a fatal mistake by offering anything of the kind.

Rates of Commission.

As a matter of fact, the commission terms upon which buying agents work are of no practical interest whatever to manufacturers and shippers, but as a matter of academic interest the following rates may be noted as being about the average in normal times, though they are not fully

comprehensive, and must by no means be taken as an authoritatively accepted scale—

	PER CENT.
Tinplates, Metals in Bar, Sheet, Pig, etc.	1½
Wire Nails	1½
Hardware and Sundries	2
Window and Plate Glass	1½
Boots and Shoes	2½
Cotton, Wool, and Worsted Yarn	1
Grey and White Piece Goods	1½
Fancy Piece Goods	2
Provisions	2

The foregoing, though referring to only a few classes of articles, are fairly representative. Variations are frequent to meet special circumstances, this being especially true of provisions, which are often bought at 1½ per cent. in cases where indents average in value well over, say, £100.

The agent adjusts his account with each of his clients periodically, usually half-yearly or yearly, but it is his duty and custom to settle trade accounts monthly, or as promptly as may secure for his clients the advantage of the customary discounts, etc. As already explained, he is legally responsible for the payment of all accounts, and is regarded in law as the actual purchaser and owner of the goods he ships to clients' instructions. In case of default it is he, and not the oversea importer, who is liable and must be sued. This applies equally to the separately constituted home buying houses of colonial and foreign merchant firms, who, it may here be remarked, often work an extensive buying agency business in addition to attending to the exclusive interests of their own firms. Incidentally, too, it is worthy of note that one point of similarity between the "home house" and the general buying agent is that, while theoretically subordinate or auxiliary to the oversea firms with which they are connected, they are both frequently in actual fact the headquarters and controlling partners of such oversea firms owing to financial considerations which develop out of their relations as creditors.

Other Duties of Agent.

The work of the commission agent is not, of course, confined to "confirming" and placing orders with

manufacturers according to the indents he receives, and to the assumption of the financial responsibilities connected with the same. It is his duty to issue detailed shipping instructions to the manufacturer, including marking and packing of the goods, the number of invoices required for consular and other purposes, etc. He fulfils all the duties of a consignor in regard to taking out bills of lading, entering into freight contracts, insurance, etc., and it is also his duty—frequently honoured in the breach instead of in the observance—to inspect and pass goods when notified by the manufacturer that they are ready for shipment. Where machinery and engineering materials are concerned this duty of inspection is, of course, especially important, and is usually performed by a qualified engineer commissioned for the purpose by the agent; but in regard to most other classes of goods the agent acts according to the convenience of circumstances and his technical knowledge of the articles which it is his duty to ship; or, failing that, he depends on the reliability of the manufacturer.

How the "Specific" Indent Affects Agents.

Something has been said in a previous chapter in reference to the effect which the growth of the practice of specific indenting has exercised upon the position of the commission buying agent. So far as the buying of some classes of goods is concerned, it has undoubtedly reduced him to little more than an indent clerk and forwarding agent; but in a large number of lines, and particularly in regard to some markets, his influence is as great, and his duties as onerous, as ever. This is especially the case in the provision trade, branded goods excepted, and it is obvious that in buying drapery and fancy goods he is able to exert almost free choice beyond the fulfilment of general instructions from his clients. His position as the arbiter of an importer's credit, involving his right to give or refuse confirmation of orders, specific or otherwise, makes it clear that no manufacturer can afford to treat him as in any sense a negligible factor.

His goodwill must be cultivated as well as that of the importers for whom he acts. He has many opportunities to put a spoke in the manufacturer's wheel in small things as well as large, and he would not be human if he failed to use his power when occasion arose. No matter how strong the position of a supplying firm, even to the extent of possessing a monopoly, it may find him, if provoked, a thorn in its side when solicitous of the innumerable small concessions and courtesies that make commercial relations possible.

Even the discovery that a buyer is not an expert in regard to a manufacturer's particular product should never be presumed upon. Instead, the opportunity thus afforded should be most tactfully and delicately used. Large orders can never be obtained from a buyer who lacks confidence in his own judgment, but let the manufacturer or his representative exert the finer arts of salesmanship to make the buyer feel that he has had laid before him the practical points on which he may base confident buying, and an order is secured. Moreover, if the supplying firm can make him feel that its reputation and interests are bound up with his in satisfactorily meeting the requirements of his oversea "marks," the sense of partnership thus created will mean practically a permanent monopoly of his orders for the firm in question. The fact that a buyer can be fooled, owing to either his ignorance, his failure to inspect goods before shipment, or any other reason, should never be taken advantage of. The immediate result of such short-sighted action is a complaint from the importer to whom the goods are consigned, and the consequent loss of the buyer's friendship. Although it is essential, as previously stated, to recognise that the ultimate customer is the actual importer, and that in an increasing degree it is necessary to make him the object of export selling effort, that in no way makes it advisable or possible to treat the commission buying agent with less consideration.

CHAPTER VIII

THE EXPORT AGENT

COMPLEXITY of export selling methods—Export activities not to be treated as a secondary department—Export agent a substitute for an export manager and department—His claim on the factory service must be recognised—Nearest British approximation to the American commission selling house—A merchant shipper in embryo—Big conceptions and enterprise absent—A reason why—A larger future for export agents—Influence on oversea firms is the infallible test—Home connection not sufficient—Diffusion of effort—Special information as a basis of sales campaigns—Special journeys—Terms of payment.

UP to this point the student of export trade has been made acquainted with the general principles of the system on which the many activities embodied in the shipment of merchandise to oversea markets are conducted, and has learnt something about each of the principal classes of business men through whose hands the goods pass in order to reach the consumer abroad. He has been introduced to his potential customers, direct and indirect, and with the mind's eye can follow his goods to their ultimate destinations. He knows where orders originate, and through what channels they reach the manufacturer. That knowledge is the essential basis of any selling campaign. It means intelligent direction of effort, and confidence in persisting in such effort.

Complexity of Export Selling Methods.

The next step is to examine the various shapes which selling effort may assume. It is here that the manufacturer's active policy begins. The machinery of export salesmanship is even more elaborate and complex than that which is set in motion in export buying, and needs even more careful study in order to produce solid results: Agents of various kinds and functions can and should be utilised; the special travelling representative has his place in the selling line; it may prove expedient to establish local

branches abroad; advertising and the distribution of catalogues and circulars are important, but need expert judgment and knowledge to escape proving sheer waste; and, above all, sound organisation is called for. There is no folly so great as that which many manufacturers perpetrate in relegating their export departments to a secondary place, and in leaving them in the hands of inexperienced and probably unenterprising, low-salaried employees. Such half-hearted methods have done more to injure the reputation of British manufacturers, and to hinder British trade, than all the active competition of foreign rivals.

Export Department Desirable.

The first duty of the manufacturer is, then, to organise a thoroughly efficient export department, to place it under an experienced manager, and to treat it as a main line activity instead of a mere branch for disposing of surplus production and creating a more or less problematical addition to revenue. In many cases, however, that may seem a counsel of perfection for the realisation of which facilities are not apparent. If so, it would be a foolish waste of money and effort to attempt half-measures, and the best alternative would be to find a competent export agent who, in his own person and at his own offices, would provide the equivalent of both manager and department. The completeness of the equivalent would depend upon the agent, who would, of course, not give his whole time and services to one firm, but would act for a group of manufacturers on commission terms. A necessary reminder, by the way, is that in thus hiring an export sales organisation, the lack of an export manager on the spot to press his claims daily and hourly must not be allowed to generate the feeling that less urgency is called for in regard to putting the factory on a footing to produce specially for export. No agent, however great his ability and influential his connection, could achieve success unless his claim on the

manufacturing service were recognised as being at least equal to that of the sales manager for the home trade.

The Export Agent's Limitations.

As an alternative to controlling shipping trade activities from headquarters, the employment of an export agent offers both advantages and disadvantages. He represents the nearest approximation to the American commission selling house, yet he is by no means the same thing. It is true that he focusses the sales campaigns of a dozen or more manufacturers, relieving them of all direct effort, but there the likeness ends. He seldom operates on anything like the same scale as his American prototype, nor does he extend his representation staff in a similar degree; and at heart he is much more of a merchant than agent, his invariable ambition being to establish himself in the former capacity as soon as he has acquired sufficient capital.

The fact is that it is extremely difficult to discuss export agents as a class without doing serious injustice to the more substantial members of the fraternity. There is an enormous gap separating the best from the worst, yet even the best are apt to take very limited views of their responsibilities and opportunities. Big conceptions and corresponding enterprise cannot be said to mark British export agency work, probably for the reason that it so often represents only a makeshift for the experimental convenience of manufacturers who, if more in earnest and more experienced, would be running their own shipping departments. However that may be, the truth remains that manufacturers with established export organisation and connections are seldom induced to relinquish these into the hands of a commission firm, though it is a common thing for the reverse action to be taken, the manufacturer starting his own department after the agent has built up a certain amount of overseas trade for him. Such conditions certainly do not stimulate the expansion of the export agency business, nor tend to improve its *personnel* and methods.

A Larger Future for Export Agents.

Yet it is one of the probabilities of the near future that the export agent will find a more substantial place in the British export system. His position is already a more creditable and satisfactory one than it was a few years ago, and the widening interest of manufacturers in the shipping trade affords him promise of still greater opportunities. The hall-mark of the good agent is his ability to make his influence felt abroad as well as in London or Manchester. If he can give proof that he is systematically knocking at the doors of the oversea importers as well as of the home buyers, he may be regarded as fulfilling his functions in a proper manner, and covering adequately the field of trade for the cultivation of which he has undertaken responsibility. If he can prove nothing more than an acquaintance with the business at the London end he stands confessed as lacking both the capital and experience to do justice to an agency—probably a recruit from the enormous number of underpaid City representatives who, finding themselves out of work at some time or another, make a desperate effort to live on the "snatch" commissions on orders which they manage to cajole out of friendly buyers from week to week.

Special Information.

Assuming that the right type of agent has been found, however, he should be in a position to place at the disposal of his principals some advantages which even the best organised export departments of individual firms are unlikely to possess in the same degree. Not only will his organisation be ready for immediate service, but it will cover wider ground, and tap buying connections outside the range of salesmanship confined to only one class of production. That may be considered a source of weakness as well as strength, owing to the diffusion of effort over a group of agencies instead of concentration on one, but it

is inevitable under any form of agency system, and on the whole the advantage is greater than the disadvantage in the hands of a conscientious and capable agent who knows how to make one connection help another.

Such an agent will also have at his command an invaluable mass of personally collected information concerning importers in oversea markets. In fact, one of the most important items of the equipment of the offices of any export agency concern of standing is a voluminous register —probably compiled on the card index system, and kept thoroughly up to date—of approved buyers in every part of the world, the result of life-long collation, and available as the basis of campaigns by circularisation in addition to other methods of creating and extending sales.

Special Journeys.

Further, an enterprising export agent will not only have established connections in the various overseas markets, but will arrange special journeys periodically by himself or a qualified representative. Journeys of this kind, it need hardly be said, afford the best conceivable method of stimulating business, yet, in view of the heavy expenses involved, can only be made to pay by a representative carrying a number of lines, and are quite impossible for isolated manufacturers in most branches of trade. Obviously, the agent cannot be expected to undertake these journeys on his ordinary commission terms, and it is a recognised practice for each of the firms he represents to make a contribution in a lump sum in addition to the usual payment on results. Such contributions may range from £25 to £200, according to the extent of the journey, the number and character of the lines represented, and the size and weight of the samples which it may be necessary to carry.

To sum up, for the manufacturer who cannot work a shipping department of his own, the export agent provides all that is required at a minimum outlay, giving an expert

selling service abroad, collecting indents and getting orders confirmed at home, and adding the use of showrooms and offices in a recognised shipping quarter. The manufacturer's only responsibility is to execute the orders received, and to do this with meticulous consideration of all special stipulations and requirements which, though they may differ from what is called for in the home trade, and may not appeal to the home-trained intelligence as essential, may none the less be accepted as necessary to success in catering for a particular overseas market.

CHAPTER IX

MANUFACTURERS' OVERSEA REPRESENTATIVES

His most essential selling factor—Potency of personal influence—Agents should not create direct trade—Some exceptions—Why direct trade should be banned—It renders credit unstable and antagonises merchants—Example of the Egyptian market—Agents' methods—An aristocrat of the road—Limitation of commissions—Terms of remuneration—"Bottom-of-the-skip" lines—Results not directly traceable—"Commission only"—The manufacturer's proof of good faith—Expenses allowances—The pernicious "travellers' tax"—Licence dues in various markets—Payment for samples—Relative values of agents—How to build up a comprehensive system of representation—Representatives' expert advice too often ignored—Co-operation between manufacturer and representative essential.

Of all the selling forces available in the conduct of export trade none is more effectual, and therefore none is more essential, than the overseas agent, resident or peripatetic.

Potency of Personal Influence.

The reason has been made clear in previous chapters, but a complete understanding of it is of such importance that it may well bear further elaboration. If the agent be a merchant carrying a certain line on exclusive terms, as is most commonly the case in the machinery trade, then he is actually the man who drafts the indents or forwards the contracts. If, as is more general, the agent operates purely as a salesman, working on commission, salary, or expenses contribution and commission, then he is in personal touch with the men who draft the indents on home buyers or merchants, and gets his principal's goods specified instead of the choice of maker being left open. In either case, he is the man on the spot, and exerts that personal influence on the actual buyers which is the most potent force conceivable in all selling effort.

Agents Should Not Create Direct Trade.

Under no circumstances, however, should he be regarded as a means for securing direct business between the

manufacturer and the overseas importer. That point cannot be too urgently insisted upon, and for thoroughly sound reasons. True, there are certain markets, such as Egypt, in which the merchant-agent must necessarily be supplied direct because the home-buying machinery is lacking, but these are exceptions which not only prove the rule, but emphasise it in view of the unfortunate results so often experienced. Direct trading between the manufacturer and overseas firms is a pernicious form of business, no matter what plausible arguments may be advanced in its favour. Such arguments, indeed, are invariably based on theory instead of actual practice, and will not stand work-a-day tests. It sounds well to talk of doing away with middlemen's profits and commissions, and there are plenty of cases in which manufacturers who find it difficult to obtain orders—or, more tantalising still, confirmation of orders already obtained—through the usual mercantile and agency channels, imagine that they are doing the only practical and justifiable thing in boldly ignoring these, and opening accounts direct with firms in colonial and foreign markets. Experience is a harsh teacher in such cases, as all who break the accepted rules and methods of commerce are bound to discover soon or late—usually soon.

Why Direct Trade should be Banned.

To begin with, the direct trader promptly finds himself at war with the home merchants and buying agents through whom the bulk of export business is transacted, and it is therefore useless to look to them for orders. In fact, their antagonism dams the possibility of participating in the main stream of export trade at all, and, let it be said, their antagonism is in no sense the expression of a monopolistic spirit. It is based on sound business reasons which should easily be apparent.

To put it plainly, direct trading is calculated to destroy the credit of any market, and, moreover, it will be found to exist mainly in those markets whose reputation and

credit are doubtful. Take Egypt, for example. Everybody is aware of the past reputation of that market, and it is a fact that it is the most prominent instance of an oversea market which has failed to obtain buying representation in Great Britain, much to its own disadvantage. Conditions there have admittedly improved in quite recent times, and if this reform proceeds on adequate lines it is one of the certainties of the future that a corresponding development will be the establishment of those buying connections which are now lacking. If, then, the manufacturer finds in any country an importing firm which is anxious to open an account with him direct, it should be a natural suspicion that such a firm is merely seeking additional and unwarranted credit, having exhausted the leniency either of the home shipping and buying houses, or of the local wholesale merchant concerns. To afford credit facilities in such cases is merely to increase the disaster when the inevitable occurs, and it is not surprising that the legitimate merchant shippers and commission buyers, who have expert and confidential knowledge of the importing firms in the countries covered by their operations, should display active and uncompromising opposition to the manufacturer who, with no opportunity to acquire the special and intimate information necessary, intrusively blunders against the delicately poised instrument of export credit. He, on his part, is called upon to choose whether he will seek to navigate amid the shallows and quicksands of the meagre rivulet of direct trading, or boldly launch on the broad main stream of legitimate trade, no matter how strongly the current of the latter may seem to run against him at first.

Agents' Methods.

All question of direct trading must, therefore, be put aside in seeking a clear understanding of the functions of an oversea selling agent. His duty is not to book orders in the same sense that a commercial traveller in England understands the term. Instead, his work consists in getting

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the lines he carries definitely specified in the indents which his clients periodically forward to their own buying agents or to a merchant shipper in London, Manchester, or elsewhere in the United Kingdom. So far as is possible, of course, he obtains a written record of each prospective order, usually noting on triplicate forms the requirements of a client, including detailed quantities and descriptions, and leaving one form for transcription on to the indent, forwarding one to his principals, and retaining one himself. As often as possible, too, the agent gets his client to sign the form after adding instructions for the manufacturer to get the order confirmed by the particular home merchant or agent who ships for him. An order of this kind, however, can hardly be regarded as such in the full sense because it is subject to confirmation, and the customer cannot be held to it as though it were a binding contract.

Limitation of Commission.

The agent who does this class of work may be described as a kind of super-commercial traveller, an aristocrat of the road. He is commonly known as a "manufacturers' representative," and carries a group of agencies ranging from half a dozen to a score or more. Indeed, men have been known to accumulate as many as fifty commissions, but they may be set down as either rogues or fools—generally the latter. Obviously, no man can give proper attention to more than a strictly limited number of lines, and if he attempts to do so it is because he is totally inexperienced and lacking in common sense, or he has some ulterior purpose to serve. A reasonable number is from six to twelve, and as far as possible they should be allied in character, and such as the representative has a more or less expert knowledge of in order that he may be able to "talk" them effectually. Such an agent is usually a specialist in regard to one market, in which he makes his home, opens permanent showrooms at one or more important centres, and often employs a travelling staff in addition

to his own personal efforts. If he operates on a somewhat smaller scale, and does not establish permanent showrooms, he will probably make a point of hiring a room in which to display his samples at the various towns he visits. According to the size of his market he makes what is called " the round trip " once, twice or even four times per year, calling on wholesale importers only, with whom he should be a *persona grata*. That, by the way, does not mean that he need be one of the old free-living brigade, transacting all his business in saloon bars. Methods of that sort are dead in most markets nowadays. The colonial importer in particular is as keenly and closely occupied as any merchant in the City of London, and he has no time to waste during business hours. Consequently, the man who wishes to gain his ear must be equally business-like, and, indeed, the modern manufacturers' representative is usually beyond criticism in this respect.

Terms of Remuneration.

As regards terms, the remuneration obtained by a manufacturers' representative is naturally mainly in the shape of commission, though it should not be left entirely on a basis of payment by results. Some fixed contribution toward expenses is essential if the agent is a first-class man, and if he is not no terms are likely to make his work profitable to his principals. This expenses contribution may not be more than £25 per annum per firm represented, and it may be as high as £200 or £250. It depends entirely on the class of goods carried, and on the standard of cost of living, travelling, taxation, etc., in the particular market to be worked. Only by offering generous terms can the best men be induced to take up an agency, and only on generous terms can even the best men make any agency pay. In fact, under the agency system the least profitable lines are naturally in danger of complete neglect. Everybody acquainted with the shipping trade has heard the expression " A bottom-of-the-skip line." It simply means

a line on which either the commission or the turnover is so small that the samples are not worth showing, with the result that they work their way down to the bottom of the representative's "skip" and stay there throughout his journey. The manufacturer who drives such a hard bargain with an agent that he qualifies his goods for the bottom of the "skip" may think himself exceedingly cute in getting better terms than the other manufacturers represented by the same agent, but in actual fact he merely thrusts himself into a position where he will contribute to finance their selling campaign without obtaining any results whatever for himself. The agent who accepts a commission which is likely to show him small profit does not necessarily do so with the deliberate intention of neglecting it, but he has his share of human nature, exactly as other business men have, and, anyway, he naturally feels that his first duty is to those who pay him best. Moreover, in following out that principle he has the satisfaction of feeling that he is also fulfilling his first duty to himself.

Results Not Directly Traceable.

The question, therefore, arises as to what are fair terms to offer an oversea agent. No hard and fast figures can be stated. There are so many and diverse factors to take into consideration that every case must be dealt with individually. First, there is the rate of commission, which obviously must differ according to the character of the goods handled, but, speaking very generally, it would range from 5 per cent. on costly goods sold in large parcels, such as heavy piece goods, blankets, etc., to 10 per cent. on articles demanding a larger turnover in quantity to make up a similar aggregate value. Such commission, it should be understood, cannot be limited solely to the orders directly traceable to the agent's personal efforts. It is, in the first place, an essential characteristic of his work that the results are not directly traceable. He may, for example, influence indents which are not sent forward by the importer until

weeks after his call; in addition to which it has to be realised that his total turnover is not comprised in the orders of which he is able to send home definite notification, but on repeat orders of which he has no personal knowledge, but which are none the less entirely to his credit. Consequently, the only fair basis on which to pay commission is the total turnover on the ground covered by the agent.

"Commission Only."

So much for the commission payable to an oversea agent, but commission, as already explained, does not cover the question of terms. In a very few cases a responsible representative may be willing to accept commission only, but not unless it is to be paid on an existing trade of considerable value, or unless the line in question is a very promising one, and happens to be one which so fits in with the rest of his range that no extra expense or labour will be involved in handling it. Any representative who is ready to accept remuneration solely by commission when these conditions are lacking should be viewed with the gravest suspicion. Either he does not know his business, or he has some other axe to grind. No agent who possesses a sound connection will place it at the disposal of a manufacturer who offers only an indefinite return; and none of any experience will be prepared to put in a lot of hard work for a manufacturer who refuses to stake a penny, and who may quite conceivably leave his representative entirely unsupported in other ways, such as by failing to supply catalogues and samples, executing indents at convenience according to the exigencies of home trade, and generally treating with carelessness and neglect the export orders which cost him nothing to get. Such cases only too often occur, and they mean loss, and even ruin, to the agent who is spending heavily out of his own pocket to work his ground, but has no security that his principals will back up his efforts unless it happens to suit their inclination and convenience.

Expenses Allowance.

The question of the amount of an annual expenses allowance is even more difficult to settle than that of commission. It is necessarily dependent upon the cost of working the market, and on the amount of trade which can reasonably be anticipated. If the market is one of great distances and widely scattered wholesale centres, of high railway and hotel rates, and one in which heavy Government taxes are imposed on commercial travellers and agents, it is clear that a manufacturer's contribution towards these expenses must be proportionately large, otherwise no representative would feel justified in investing a considerable sum of his own money in a journey without any security against the ordinary uncertainties of business. Only personal acquaintance with many oversea countries enables a manufacturer to form an adequate idea of what it costs a representative to work them, and how much the latter may easily stand to lose even when in possession of apparently generous allowances.

The starting-point in estimating what sum should be allocated as an expenses allowance must obviously be the consideration of what the representative's general costs are likely to be. In regard to these the group of firms represented might well make their individual contributions equal. Under this head would come the travellers' fax, office or showroom rent, personal travelling expenses, etc. Each firm should, however, be prepared in addition to take into consideration any special expenses to be incurred in its behalf. One, for example, may require heavy and bulky samples to be carried, while another may be able to pack its entire range in a small cardboard box. Again, the interests of one may demand special visits to a district hundreds of miles off the beaten commercial track, and it would be unfair to expect the rest to assist in paying for these. Such points might be covered by either a higher rate of commission or an extra direct allowance, but on the

whole the latter will usually be found to be the more satisfactory arrangement.

"Travellers' Tax."

Of all the expenses toward which a representative has a right to expect his principals to contribute, the travellers' tax is least open to question, because in most countries it is imposed on a basis of the number of firms represented, and the payment is a definite one in regard to each. This tax can easily assume extremely burdensome proportions under such conditions, especially in markets which consist of a number of states or administrative districts which each imposes its own tariff. It may be argued with justice that such taxes are a hindrance to trade and an unfair way of raising revenue, and should therefore be abolished from all parts of the world; but while some colonial and foreign governments refuse to adopt this view, it remains necessary for manufacturers to pay with as much grace as possible, and, as can usually be done, pass the impost on to the consumer living in the market which inflicts the tax.

Licence Dues in Various Markets.

Within the British Empire, South Africa and Canada are the only countries which retain the system. No travellers' tax is levied in the United Kingdom, Australia, New Zealand, India, Ceylon, the Federated Malay States, the Straits Settlements, Hongkong, the West Indies, Egypt, Gibraltar, Malta, Cyprus, etc., and in most of the cases mentioned samples are admitted duty free, or duty returnable on re-exportation. Against this wise and liberal policy South Africa, on the other hand, opposes one of the most burdensome systems in the world. In fact, the agent who represents a minimum of ten firms throughout the Union of South Africa and Rhodesia has to pay no less than £180 per annum for the privilege, and if he also visits the allied Belgian market of the Katanga he must find a further £8. The South American Republics, too, present

a chaotic lack of uniformity, the various states imposing fees ranging from quite small amounts in Colombia and Ecuador to the absurd sum of £230 in the small Salta Province of the Argentine. By way of illustrating the differences which prevail the following list has interest, and, indeed, includes most, if not all, of the countries imposing taxes on travelling representatives or agents—

ARGENTINE	Separate tax in each of the 14 Provinces ranging from £15 in Jujuy, and £30 in Buenos Ayres, to £230 in Salta.
AUSTRALIA	Generally free. A small Income Tax is levied on profits in Queensland and Western Australia.
BARBADOS	Free. Agents with permanent local offices pay a trading tax.
BELGIUM	Free to representatives from reciprocating countries.
BELGIAN CONGO	£7 18s. 4d. per annum.
BOLIVIA . .	Free, except in certain Municipalities which impose taxes from £16 10s. to, in one exceptional case, over £80.
BRAZIL	Eight States are free; twelve States impose licence dues independently, ranging from £9 to £30, but these may be avoided by obtaining the nominal representation of a Brazilian firm.
BRITISH HONDURAS	£10 8s. per annum.
CANADA . . .	Free. Where companies registered in Great Britain are represented they may be required to take out a licence to trade.
CHILI	1000 pesos in each State.
CHINA	Free.
COLOMBIA	Free, but the cities of Cartagena and Medallin impose taxes ranging from $10 to $20.
COSTA RIÇA	Free, but a permit must be obtained.
DENMARK	£8 16s. per annum for the first firm represented, and £4 8s. for each subsequent firm.
ECUADOR	£10.
FRANCE	Free, but an identity card must be obtained on production of a written attestation from the agent's principals, visèd by the local Chamber of Commerce. This card is renewable annually at a fee of 10 francs.
FRENCH EQUATORIAL AFRICA . . .	250 francs.
HAWAII . . .	£20 per annum.
HOLLAND . . .	Income Tax of £1 5s. per annum. No licence required.
INDIA . . .	Free.

LIBERIA .	£5 4s. 2d. per annum.
MADAGASCAR	13s. 4d. per month.
MEXICO .	Each of the twenty-seven States levies a tax independently, and in one, Coahuila, each town makes its own impost, in some cases per day, in some per month, and in some per trip.
NEW ZEALAND	A free warrant is compulsory. Income Tax is also imposed.
NORWAY . .	£5 11s. per month.
PANAMA . .	Free, but municipal licences, varying from $10 per month to $12.50 per 6 months' must be taken out.
PARAGUAY	Taxes range from £16 6s. to £74 16s. according to classification in five large cities, and one-third of these amounts in other districts.
PERU	Local taxes are imposed, ranging from £2 10s. to £5.
RHODESIA	£30 per annum.
SPAIN .	Free, but certificates of identity issued by a British Chamber of Commerce, and bearing the seal of the Board of Trade, are essential.
SWEDEN	£5 11s. for one month, and half that amount for each succeeding month.
TASMANIA . . .	Free.
UNION OF SOUTH AFRICA—	
Cape Province . .	£50 per annum (£25 per half-year), and and additional £5 per firm represented, up to a maximum of £100. Half these rates if resident for at least three years in any of the British South African territories immediately prior to the application for the licence.
Transvaal Province .	£10 per annum (£6 per half-year).
Orange Free State Prov.	£20 per annum (£5 per 3 months). £20 per 3 months if orders are taken for liquor.
Natal Province . .	£10 per annum.
British Bechuanaland	£10 per annum.
URUGUAY . . .	£21 5s. per annum

The foregoing list provides sufficient evidence of the folly and muddle which characterise one of the most pernicious and illogical forms of taxation in the world. It is one, however, which has to be reckoned with, and illustrates the necessity for definite financial assistance being granted to an agent working in markets thus burdened and obstructed. With regard to the late enemy countries, reliable information is not available at the time of writing, but as each succeeds in putting its house in order it will

be necessary to make special inquiry concerning regulations affecting commercial travellers.

Payment for Samples.

Among other matters which come up for discussion in arranging an agent's terms is that of payment for samples. It is, of course, seldom possible to regard these as returnable, and where they are of small value they may well be presented to the representative free, while they should never be invoiced to him a penny above cost. A commonly adopted arrangement in regard to samples of any value is to invoice them at half-cost, the principal and agent thus sharing the expense equally.

Relative Values of Agents.

More important than terms, however, is the choice of an agent. A good man is cheap on any terms, and, conversely, a bad representative is an expensive luxury on commission only. There is no infallible rule for the manufacturer to follow in making appointments. Needless to say, a man with a sound reputation, lengthy experience and a large buying *clientèle* is the safest possible choice, but it is by no means an uncommon phenomenon for such a man to prove completely unsuccessful with a particular line, while another with only a fraction of his apparent qualifications may take it up and do a big turnover in it on precisely the same ground. The only possible policy for a manufacturer to pursue in building a world-wide agency system, or in pegging away at one market only, is to maintain a patient and persistent series of trials until the right man is at last found in every instance. Let the trials be adequate and fair in point of time and terms, but let the decision when the time comes for making it be logical and ruthless. In this connection it needs to be pointed out that no trial can be regarded as fair or adequate if the manufacturer cannot, or will not, follow the advice and instructions of his representative in regard to every detail.

CHAPTER X

THE MERCHANT-AGENT

THE commission representative's limitations—The small merchant-agent with local "sole rights"—Motor-car and cycle dealers—Goods on consignment—The *del credere* system—Manufacturers' insurance in risky markets—Agents for machinery and engineering supplies—Technical and commercial knowledge combined—Local stocks held—Manufacturers' own experts employed on agents' staffs—Special *rôle* of agricultural machinery agents—Co-operation with visiting representatives—Work at agricultural shows—Merchant-agents not on a commission basis—Sole rights and special terms—Agency agreements may limit sales—Territories should not be assigned according to the map—Confident and successful salesmanship based on security of tenure.

IN a somewhat different category, yet fulfilling a part in sales organisation no less important than that of the manufacturer's representative, is the merchant-agent. It will be obvious that there are some trades and some markets which the commission selling agent, whose functions have been described in the preceding chapter, cannot cover.

The Commission Representative's Limitation.

For example, he cannot possess facilities for selling heavy machinery, nor do his peripatetic methods bring him into contact with regular buyers of steam engines, ore crushers or coal conveyors. Indeed, in his understanding of the term there are no regular trade buyers of such things. They cannot be kept in stock like galvanised buckets or bales of clothing, nor, if they could, do users go to either wholesale or retail stores to buy them. Similarly, in a country like Egypt, whose merchants have no buying representatives in Europe, the very *raison d'être* for the manufacturers' commission agent is lacking in respect of nearly every branch of trade, unless, of course, he works as a direct representative in search of direct trade. It is under such circumstances that the merchant-agent becomes an essential part of the commercial machinery. He is entirely distinct from the commission agent. The latter

is a commercial traveller who renders practicable the overseas representation of a number of manufacturers by grouping their interests. The merchant-agent buys on his own account, and, in addition, secures sole rights for his own district or market.

The "Small" Merchant Agent.

The merchant-agent may be roughly divided into three types. The first is a comparatively small man who has a purely local connection, and serves his purpose by pushing lines which would not otherwise obtain an introduction to his district. He often is doing business which is more retail than wholesale in character, probably a "coolie" or native merchant himself, and serving travelling traders in addition to running a general store. He serves his purpose, but his limitations are very marked. The classes of goods in regard to which he finds it worth while to seek exclusive district rights are typified by such articles as wines and spirits, gramophones, proprietary lines, and small novelties generally. As in European markets, too, such a trade as that concerned with motor-cars and cycles is largely conducted on agency lines, bringing garage owners and dealers within the category of retail merchant-agents, though under conditions peculiar to themselves.

The Del Credere System.

The second type of merchant-agent is to be found in various markets, taking goods on consignment or other terms, but the most advanced example is probably to be found in Egypt working under the *del credere* system. That system, perhaps, demands some detailed explanation. Under it a merchant works an agency on commission, and not as a buyer on his own account. The manufacturer renders accounts direct to the trade buyers whose orders the agent obtains, but, in spite of that, the agent is paid an additional, or higher rate of commission for accepting full

financial responsibility for his clients' debts. In regard to the orders or contracts which he directly influences he indemnifies his principals against loss in return for a larger remuneration. Obviously, such a system is necessary only in markets where credit conditions are doubtful, for manufacturers would have no desire to pay a constant and considerable insurance premium on their business with a particular market if the risks were only normal, or if the orders could be confirmed by reputable English houses. Lacking such confirmation, and also lacking the intimate local knowledge necessary for controlling credit granted to buyers in markets where the described conditions prevail, manufacturers are compelled to entrust their interests to agents who are not financially strong enough to work entirely as merchants, but who nevertheless possess the requisite local knowledge, and sufficient capital, to assume the limited financial responsibility incurred under the *del credere* system. The manufacturer insures against bad debts; the agent safely gambles on his own business acumen and information. Incidentally, it may be explained that a *del credere* agreement is not an undertaking to answer for another's default within the meaning of the Statute of Frauds, but is binding without the agent's signature, and evidence of its existence may be sufficiently provided by the implication involved in the payment of a higher commission than would be paid under ordinary agency terms. The need for written evidence of a *del credere* agreement is obviated by a legal decision that although the liability to pay another's debts may be incurred should certain circumstances arise, the immediate and definite object for which the consideration is given is the appointment of an agent.

Machinery Agents.

The third type of merchant-agent is to be found in the machinery and engineering supply trades, and is of an entirely different calibre from that of the two types already

described. He is necessarily of considerable financial strength, for he handles a class of business involving large sums, and does so for a merchant's profit instead of an agent's commission. In fact, the machinery agent is usually a merchant of very good standing, often having his own buying house or representative in England or on the Continent, and undertaking as important and complete responsibilities as any class of merchant in existence.

He combines in a high degree both technical and commercial knowledge and ability, and is capable of selling a light plough or a small oil engine from stock, or of taking up a big Government contract without preliminary reference to the manufacturer in Europe. He holds stocks so far as that is possible; he does much of the advertising required in his own territory; and organises working demonstrations, exhibition displays, etc.

A not uncommon feature of this class of agency work in the mining supply trade is the presence on the merchant's staff of a technical expert who is sent out by the home manufacturer to assist in running the agency for the latter's machine or product. Such an expert becomes the employee of the merchant, from whom he receives his salary and instructions in accordance with conditions laid down in the agency agreement. In other words, the merchant provides the local commercial knowledge and facilities, while relying upon a specialist from the source of production to deal with all technical matters. It may be added that this kind of arrangement is advisable only where large contracts have to be tendered for, and difficult specifications understood, as in connection, say, with the gold-mining industry of South Africa.

In the important colonial and South American agricultural territories, as well as in the mining districts, the merchant-agents form the most influential element of the commercial community, and among them represent the world's leading makers of all kinds of farming equipment, from steam ploughs to chaff-cutters. They are not,

however, under the same necessity as mining machinery agents to employ technical specialists in connection with their leading lines, though they are always prepared to welcome the assistance afforded by a visiting representative from home principals desirous of stimulating business in their particular market. Thus, during a local agricultural show season—and in some of the colonies this may cover a period of five or six months annually, and embrace as many as fifty fixtures—the presence of a direct representative from headquarters, working in co-operation with the agent's staff, is invariably proved to be of the utmost value, especially when working demonstrations or field trials are included in the programme. It is a form of co-operation which also, of course, frequently calls for some arrangement between principal and agent in respect of expenses, an arrangement in regard to which no hard and fast rules can be laid down, but the business results are usually satisfactory to both. Needless to say, throughout the machinery trades the remuneration of the merchant-agent does not take the form of a commission payment, but consists of sole rights and special terms.

Agency Agreements.

There is one obvious comment to make in regard to the granting of agencies on merchant terms. It may quite as easily prove a means of limiting as of extending sales if territorial rights are placed in the wrong hands. Before fixing up an agreement a manufacturer should make sure that the ground specified is fully covered by the prospective agency firm. Never divide agency territories by the map alone. For example, the manufacturer who was foolish enough to grant exclusive rights for the entire Belgian Congo to a firm at Boma or Leopoldville would soon discover that the important and growing Katanga market was not being worked, yet, owing to the agreement with the West Coast firm, could not be handed over to a neighbouring Rhodesian house possessing full facilities for obtaining

business from this rich mineral and agricultural territory, which, owing to geographical reasons and the advance of the Cape-to-Cairo railway, is commercially a part of the South Af can market rather than of the Belgian Congo.

Once satisfied, however, that the appointment of a merchant-agent is the best method of working a market, and that the firm selected is qualified financially and otherwise to do justice to the agency, a manufacturer should not hesitate to deal as liberally as possible with those to whom he entrusts his interests. Above all, he should seek to inspire a feeling of confidence and security of tenure such as will enable his agent to cultivate something like a proprietary interest in the local goodwill which the latter is building up for him.

CHAPTER XI

SPECIAL TRAVELLING REPRESENTATIVES—LETTERS OF CREDIT

SPECIAL representatives' conditions of usefulness limited—Exceptional qualifications needed—Must be given full authority—Organisation of local buying agents—Importance of personal relations—Settlement of disputes—Assistance of merchant-agents in special selling campaigns—Special representatives necessary to undertake direct salesmanship in certain trades—Methods of financing representatives—Open letters of credit—Circular letters of credit—Circular notes—The "letter of indication"—Remuneration and expenses allowance.

THERE remains one other form of selling agent who may be employed by the manufacturer in building up and extending export trade, viz., the special travelling representative. He may work on either salary or commission, or on both, but bears a greater affinity to a staff employee than to the more independent classes of agents described in previous chapters. The special representative must not be confused with the travelling commission agent who tours a number of markets on behalf of a group of firms, and is merely a variation of the resident overseas agent. He is specially appointed by one firm, and naturally the conditions under which his services can be made profitable are not so common as those which are met by ordinary agency appointments.

Exceptional Qualifications Needed.

It rests, of course, with every manufacturer to recognise the precise conditions under which he may be warranted in incurring the relatively heavy expense of dispatching his own representative on a particular mission. No definite rules can be laid down on this subject, except that the man selected for such responsible and costly work must be one who possesses the personality, presence and qualifications to enable him to assume the *rôle* of special ambassador. He must be given full authority to act for his firm without

hesitation or frequent references home, and must, in fact, be in a position to stand to overseas clients as the firm itself. He would in most cases go out to make business arrangements, or put through transactions, of a character never entrusted to the ordinary commission agent, and consequently he must be a man of weight, experience, and sound judgment. No junior with his spurs to win could be regarded as suitable for the job.

Organisation of Local Buying Agents.

The sales promotion work of the special representative falls roughly under three headings, two of which relate chiefly to the control of the agency organisation employed by his principals. The third is concerned with direct salesmanship, but of a kind outside ordinary mercantile channels, and necessarily dealt with in this way because no other means exists.

First there is the work of creating an organisation of local buying agents—not commission agents, be it noted—in a particular market or markets. Obviously this is a task which is more conveniently and efficiently performed by a special envoy to the scene of operations, rather than by long-range correspondence. In dealing with resident agents of a minor type—agents who are really customers entrusted with exclusive rights for their individual localities—nothing is so binding or so stimulating as the establishment of personal relations. That is where the special representative makes his influence felt; and, moreover, he is able to exercise a more intimate and better-informed judgment in selecting agents as regards both their financial standing and their ability to influence business. It is not always the firm or individual with the most showy letter headings, the best knowledge of the English language, nor even with the best written references, who is necessarily the most competent or the most reliable. If he is a live man the special representative from home can get behind these things and form a truer estimate than all

the correspondence in the world can give. It is in such markets as Egypt, India, and the Far East that he finds most scope, as naturally the appointment of small buying agents is neither requisite nor expedient in countries such as the great Dominions, adequately covered as they are by wholesale houses possessing their own buying and shipping connections in Europe, and worked by commission agents as described in Chapter IX.

Settlement of Disputes, etc.

If the special travelling representative has any reason at all for visiting these major markets, it can only be in connection with the settlement of disputes, or, in the engineering and machinery trades, to assist existing merchant-agents in a special campaign, consisting of working demonstrations, displays at exhibitions, agricultural shows, etc. Work of this kind, of course, becomes expedient and extremely valuable on occasion, and is the second class of activity referred to as being open to the special representative. It is not, however, so much direct salesmanship as a reinforcing and stimulating of the permanent agency arrangements, to which it must be carefully subordinated.

Finally, there are some branches of manufacturing industry which cannot possibly sell their products through the merchant houses, and are consequently compelled to employ special representatives. The maker of locomotives provides an extreme case of the kind, though it is true that his contracts are mainly obtained through the High Commissioners and Agents-General of the various colonies where the railways are State-owned, and through the London offices of foreign railway companies. Still, there are frequent occasions when the services of a special commercial representative are required in connection with such contracts.

Manufacturers of highly specialised industrial equipment, notably electric power machinery, water-softening apparatus, brewery plant, etc., perhaps provide more

complete examples of the necessity for employing a special travelling representative as a salesman in addition to generally watching their interests on the spot. Such salesmanship, needless to say, is of no ordinary character, but demands a man possessing high technical skill, and one who is an adept at influencing the judgment of consultants and buyers for Government departments and large corporations, without actual solicitation in the commercial traveller's interpretation of that term.

Methods of Financing Representatives.

The usual method of financing a special travelling representative is by letter of credit, circular or otherwise according to circumstances, or by circular notes. There may be some inexperienced manufacturers who innocently imagine that a wad of bank notes, or the periodical posting of a cheque, should meet the case, but the resources of financial institutions go beyond that nowadays. For the benefit of those who may need the information, it may be useful to explain the nature of a letter of credit and circular notes, and the manner of their employment.

Letters of Credit.

An open letter of credit is a document given by a banker in one locality for presentation to a banker in another locality, and authorising the latter to make payment of a specified sum to a specified person. That is a fair description of it in principle, but it may be varied by special terms and conditions under which all drafts by a certain person up to a certain amount may be honoured, and, of course, the time in which such a letter is to remain in force has to be precisely stated. A circular letter of credit differs only in that it is issued by a banker to his own branches or agents, authorising them to meet drafts by a specified person up to a certain sum, the amount of such draft being registered on the back of the letter, and the letter only becomes operative on presentation of what is known as a letter of

indication which the banker issues to the person in whose favour the letter of credit is drawn. The purpose of the letter of indication, which has to be signed by both the banker and the person to whom it is issued, is to satisfy the banker or agent to whom the letter of credit is presented of the identity of the payee, this being done by a comparison of the bearer's signature with that in the letter of indication.

A letter of credit may, of course, be drawn by a merchant or any person other than a banker, and may also be addressed to any agent or correspondent other than a banker, provided the facilities exist for meeting it, and for adjusting the account between the drawer and drawee. A letter of credit is, by the way, a non-negotiable instrument, though for the purposes of stamp duty it is treated as a bill of exchange.

The following is an example of the form which letters of credit should take—

CIRCULAR LETTER OF CREDIT

Not available after.....

No. .....

£..... : ..... : .....

Date.....

To Messrs. Blank & Co., Ltd.

Gentlemen,

We beg to introduce to you....., to whom you are requested to furnish such funds as he may require up to the total amount of.....pounds sterling against .....sight drafts on our Head Office, London, each draft to be plainly marked as drawn under this Letter of Credit, No. ....., and to be signed in accordance with his specimen signature, which you will find on our Letter of Indication of the same number, which he will produce herewith.

We undertake that such drafts shall meet with due honour if negotiated within.....months from this date, and request you to buy them at the rate at which you purchase demand drafts on London.

The amount of each draft must be inscribed on the back of this letter, which must be cancelled and attached to the final draft drawn.

We are, etc.

N.B.—The bearer is requested to carry this Letter of Credit apart from the Letter of Indication, for purposes of security.

Circular Notes.

Circular notes are especially convenient forms of financing a traveller in oversea countries. They are issued by a bank to be cashed by their correspondents abroad, and, though exempt from stamp duty, the fact that they carry on the back the equivalent of a foreign bill form, makes it necessary to affix a 2d. stamp if payment is to be made within three days of sight, or the usual *ad valorem* bill stamp if payable in any other way or time. They are seldom issued for less than £10, and, as in the case of letters of credit, have to be accompanied by a letter of indication in which the list of notes carried is inserted.

The form of a circular note is quite simple, being as follows—

Circular Note for.....

No. ..... *Date.....*

Gentlemen.—This note will be presented to you by ....., whose signature you will find in our Letter of Indication, No. ....., to be produced herewith. We request you to pay to his order the sum of .....Pounds at the current rate of exchange against proper endorsement.—Yours, etc.

The back of this note bears the ordinary bill form as follows—

£.....: .....: At sight pay to the order of ....Pounds value received at..... this.....day of.....

(*Signature*) .....

Letters of Indication.

The letter of indication issued with such a note or notes, or slightly varied to accompany a letter of credit, would be as follows—

LETTER OF INDICATION

No. ..... *Date*.....

Gentlemen.—We beg to introduce to you....., *who is furnished with our Circular Notes, numbered*....., *and payable at our Head Office, London. We request that you will purchase any of these notes presented to you for payment at your current rate for demand drafts on London, on their being endorsed in your presence in accordance with the specimen signature below.—Yours, etc.*

Drawer's Signature.....
Bearer's Signature.....

N.B.—This Letter of Indication should be retained by the holder until all the Circular Notes enumerated herein have been cashed, when it is to be surrendered to the Banker cashing the last Note.

Remuneration and Expenses Allowance.

A word is, perhaps, required in regard to the amount of the remuneration and expenses allowance of the special travelling representative. He is necessarily a salaried man in most cases, and he is not—or should not be—a cheap one. If he is good enough to undertake the kind of work outlined in this chapter, he is worth at least £1,000 per year ; if he is not good enough to command that salary he is not likely to be good enough to earn anything at all for the firm that employs him in the special capacity described. Only in a thoroughly liberal spirit should such a representative, who may possibly have to carry his firm's power of attorney, be selected and dispatched.

Still more is generosity needful in allocating his expenses allowance. Ocean travel, and the covering of immense distances by rail in countries where the penny-a-mile standard is unknown, will run to a high total figure; hotel bills in most oversea markets are exorbitant to stay-at-home eyes, though only in keeping with local rates of living expenses; special taxes have to be paid; and it has to be remembered that the special ambassador of a firm not only has to accept much generous hospitality, but has to return it freely. Any parsimony on the part of principals is, therefore, likely to cripple a representative, and to render his journey futile. On the other hand, a good representative who is given a free hand will generally justify his expenditure, whatever it may be, by substantial results.

CHAPTER XII

MANUFACTURERS' OVERSEA BRANCHES

JUSTIFICATION for establishing branch houses—A costly form of enterprise—A possible danger—Articles which are most likely to be handled successfully by branches—Choice of managers—Stocks not necessarily held—Importer's licence necessary in many markets—Dangerous competition of discarded commission agents—Branch factories in a different category.

THERE is one alternative to the export selling methods previously described which will doubtless occur at some time or another to every manufacturer. Let him come to loggerheads with his representative in a particular market, fet it occur to him that his business with that market has grown large enough to be worked on establishment charges at a smaller total than the commission paid to the agent, or let a dispute with the local wholesale distributors render another channel of access to the market necessary, and the question naturally arises for consideration whether the founding of a branch house on the spot should not be attempted. To the ambitious business man, indeed, this alternative may well prove an exceedingly attractive one, lor it seems to offer independence of selling agents and merchant houses alike, saving the commissions of the one class and the profits of the other, and offering all the advantages of direct trading with none of its disadvantages.

A Costly Form of Enterprise.

The founding of a branch house in a colonial or foreign market is an enterprise, however, which should not be entered upon lightly. It may prove a costly way of closing rather than opening an overseas territory, though, of course, there are cases in which it proves brilliantly successful. Usually such success is found to be achieved in connection with a well-advertised proprietary article, the public demand for which has been, or can be, created more or less

independently of the introduction afforded by ordinary trade distributors. Given that independence, and the assurance of a sufficient turnover, local offices may be opened, and a manager and staff installed, without incurring more than common business risks. Indeed, such a concentration of selling power may well lead to enhanced results combined with economies. A popular whiskey, a widely known boot polish, or, let us say, special branded lines in veterinary goods and general farm supplies in an extensive agricultural territory which is only partially worked by the representatives of the local wholesale firms, may well be pushed by a manufacturer's own centrally situated organisation.

Choice of Managers.

He must be prepared, however, to forego the goodwill of the large wholesalers against whom he operates as his own merchant, and he must also take into consideration the possible hostility of the home merchant shippers in regard to other export markets where the conditions make it necessary for him to rely upon the usual trade channels. Another point for consideration is the folly of sending out a manager, no matter how capable, who does not possess an intimate knowledge of the market to be worked; while the difficulty of getting into touch with a thoroughly trustworthy and capable man already on the spot is no less serious. This latter trouble is sufficiently marked in choosing a commission agent from among men who are resident in what is an unknown market to the manufacturer, and whose reputations he has no sufficient means of gauging; but the appointment of a manager is a still more important matter, involving fuller trust and greater responsibilities. Unless the right man is in view the opening of a branch house overseas becomes a very serious speculation. In fact, only the strongest reasons should be allowed to influence such a departure from the more general method of employing commission selling agents, but if such reasons

exist there is no insuperable obstacle to the success of a branch house, as actual experience has proved in scores of cases. Once founded on thoroughly sound lines such a branch undoubtedly ensures the most complete and effective covering of a market.

As regards the organisation and working of an overseas branch house, there is little or nothing of a special nature to be said. Each manufacturer—or more probably the manager he appoints—must work out his own salvation in these respects. To do so will require all the expert local knowledge of a good commission agent, with organising and managerial skill added to salesmanship.

A branch house does not, of course, necessarily hold stocks and supply direct from them, but it will be obvious that in cases where that practice is not possible the advantages offered are much smaller. It becomes, indeed, an agency rather than a branch house, and is little more than the equivalent of a commission selling agent.

Importer's Licence.

It should not be forgotten, when contemplating the creation of an oversea branch which will act on merchant-agent lines, importing stocks on its own account, that in many countries the cost of an importer's licence, as well as travellers' taxes or licence dues for each representative employed, will have to be taken into account when estimating the probable expenses.

Competition of Discarded Agents.

One other point is worth bearing in mind. If a manufacturer's trade with a particular market has been built up by a good commission agent the latter should be dealt with not merely fairly, but generously, should it be decided to displace him by starting a branch. He, after all, has created the goodwill, and probably largely at his own expense in the earlier days of the agency, and this should be taken into consideration when he is called upon to lose

the continued fruit of his labours. Otherwise he may avenge himself by promptly conveying his connection and the manufacturer's valuable goodwill to a rival manufacturer.

Branch Factories.

The foregoing remarks, it will be clear, apply solely to the establishment of branches for organising sales on behalf of the parent firm in the United Kingdom. Where a manufacturer decides to start a branch factory oversea he does so under entirely different conditions, and for very different reasons, of which he alone can be the judge. It may be simply that he desires to get inside a Customs tariff wall; it may be that he sees an opportunity to increase his output more conveniently by taking advantage of local supplies of cheap raw material, labour, etc., than by enlarging his home factory; or it may be that his goods do not carry well through the Tropics, and he therefore needs a depot and centre of production for the entire Southern Hemisphere. These and many other reasons may influence him, but their discussion forms no part of the purpose of this book.

CHAPTER XIII

THE AMERICAN COMMISSION HOUSE

SHIPPING agency work of wider scope than the British—A combination of home and overseas effort—"Dumping" rates frequently quoted—Mixed results—Facile business on direct trading and independent merchant lines—Credit basis of commission house trading—Opportunism a characteristic weakness—American energy—Prices current and trade reports—Commission house system inadequate for British export interests—Some adaptation of it a feature of the future.

AT this point a brief account of the American commission house system will be of interest, and also of service in so far as it throws light on a form of competition with which British manufacturers and merchant shippers are alike faced.

Comparison with British Shipping Agent.

The American commission house is more nearly allied to the British shipping agent than to any other factor employed in British export salesmanship, but its scope is wider, and it is usually on a higher plane financially. It does work equivalent to that of the home shipping agent and overseas commission agent combined, monopolising and concentrating the entire overseas selling effort of a more or less numerous group of manufacturers. Such a concern obtains sole agencies either for a particular market, or for the entire export trade, according to its facilities and range of organisation, and then for a merely nominal commission covers the ground with travellers who are able to quote keen prices—they can often quote "dumping" rates—over a wide range of lines.

With headquarters at, say, New York, the American commission house will establish branch offices in any market or centre where the turnover is likely to warrant it, and, according to the inducement offered and the facility of working, will show very excellent results for

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some of the firms whose representation is held, and, it must be admitted, very bad ones for others.

Strength of the System.

The strength of the system lies in the speed and convenience with which a particular line can be introduced to importers. The orders of the latter are not, of course, "confirmed" in the United States, but are dealt with direct, reliance being placed on the judgment of the commission house; or the latter may work on lines which, so far as credits and payments are concerned, are hardly less responsible and independent than those of the British merchant shipper, though not, of course, carrying stocks nor entering into contracts to purchase. Operations are generally conducted on a letter of credit basis, or credit is given on thirty, sixty, and even ninety days' sight drafts.

Opportunism a Characteristic Weakness.

The weakness of the system is that it is apt to be pervaded with that spirit of opportunism which is peculiarly American. With its great home market, the export activities of the United States have always shown a decided tendency to fluctuate in intensity and effectiveness according to the pressure of business within its own tariff walls. American manufacturers have, if such a generalisation may be permitted, a weakness in the direction of running after the profitable business of the moment, and so they are always to be found most in evidence when a particular export market is booming, or when trade is slack in their home market; whereas, opposed to this opportunist policy, both British and German manufacturers have, always been distinguished by persistence of effort, through good times and bad, once they have embarked in trade in a given direction. It is in consonance with the national policy, therefore, that the American commission house is also usually to be found pressing after the obvious profit of the moment, and neglecting markets which happen to be dull,

or agencies which prove unduly laborious to push. That is, of course, a general statement, and should be read as such, but it is at least as true as most general statements, and truer than many.

American Hustling.

This at least can be said for the American commission house; that when it does take up a line energetically its energy is something to admire. Not only are travellers dispatched in every direction where profitable business is in the least likely to respond to cultivation, but an important feature is made of the publication of monthly price lists and trade reports which undoubtedly gain the attention of importers. Meanwhile, the manufacturers represented by such a house have little or no anxiety beyond the filling of the orders as they come in. It is a system which would not be adequate for the vast export interests of Great Britain, but it suits American conditions, and there are not lacking signs that some adaptation of it will presently be a feature of British export trade, though never, probably, to more than a limited and special extent.

CHAPTER XIV

EXPORT ADVERTISING

ADVERTISING introduces the agent—The "constant reminder" between the agent's journeys—A comprehensive popular appeal to all markets impossible—First appeal must be to the wholesale importer—Expert advertising to expert buyers—Specialised advertising to the overseas public—Local knowledge essential—Home advertising agents not necessarily export experts—Export trade journals—Colonial editions of home trade journals—Buyers' guides—Advertisements more interesting than editorial matter—The specialised export journal the basis of every publicity campaign—Selection of media—Circulation values—Quality better than quantity—Direct results not usually traceable—General results provide the real test—Preparation of "copy"—Postal tuition experts—The paraphernalia of a noisy trade—Business talk to business men—Choice of type—Single insertions useless—Persistence is the advertiser's prime virtue—Agents' allowances for advertising—Campaigns should be directed from headquarters—Export advertising pays handsomely.

THERE are two primary weapons in the export manufacturer's armoury; that is, two essential factors which he can employ in reaching the actual buyer abroad with the object of influencing the latter when drafting his indents. The functions of the first of these, viz., the overseas agent or representative, have already been explained. The second is advertising, by means of which the work of the agent is first introduced, and is then kept alive and fostered during the lengthy intervals which naturally occur between the visits which he is able to pay to clients who are probably scattered over half a continent.

A World-wide Popular Appeal Impossible.

It is evident that the kind of advertising which appeals to the suburban housewife in England will not be of the slightest value in overseas markets. In the first place the popular appeal to millions is impossible, except by a millionaire. Think of the colossal sum required to placard the entire globe, to say nothing of the necessity for filling the front pages of the myriad newspapers published

throughout the world! Obviously, the first effort of the average manufacturer—particularly he who produces an article which is not in demand by the crowd—must be to gain the favourable interest of the primary customer, who is the wholesale importer, leaving the retailer and the ultimate consumer or user to subsidiary influences. This may compel a more expert touch in the advertising in order that it may appeal to expert buyers, but it also limits the circle of appeal and the expense which it is necessary to incur.

The foregoing remarks, of course, apply mainly to the advertising policy of the manufacturer in search of orders from all and sundry markets—who, in fact, looks for general results covering the widest possible field of export activities. He who, on the other hand, decides to concentrate on a single market—the maker of, say, improved veldschoen might be justified in such a course in regard to South Africa, which, by the way, is Great Britain's largest customer for footwear—would probably be in a position to carry out an advertising policy practically identical with his publicity methods in the home market, attacking simultaneously the interest of the general public and the retailer as well as the wholesale trade. If he decided to do so he would find a wide range of media in the important and influential daily and weekly newspapers published in the principal cities and towns in British colonies, in the Latin Republics of South America, and, of course, in European countries. In selecting these, however, it would be absolutely necessary for him to obtain expert advice based on local knowledge. Some of the larger British advertising agencies have in recent years specialised in this direction, and may be safely trusted to spend an appropriation wisely and well; but it is well to remember that every agent capable of preparing clever "copy" has not the cosmopolitan knowledge of advertisement media necessary to make him a safe guide in organising an overseas publicity campaign.

Export Trade Journals.

The bulk of export advertising, however, must be aimed at the wholesale importer, and the proper media for reaching him are the recognised export trade journals—all, or nearly all, monthly publications.

There are also the colonial or export editions which some of the home trade journals, dealing with specific branches of business, publish at various intervals. These have their distinct spheres of usefulness in cases where actual overseas circulation can be proved, as distinct from haphazard free distribution based on lists inexpertly prepared from directories of uncertain reliability, and sometimes completely out of date. Nevertheless, it is well to realise that the majority of home trade journals are compiled to interest retail shopkeepers in the United Kingdom, and therefore they appeal in somewhat less degree to retailers abroad, and still less to wholesale importers, especially as the interest of both the latter classes is not confined solely to one branch of trade, but is spread over all departments. The export influence of such special editions, in fact, is necessarily and obviously a secondary factor, and does not provide their principal claim upon the attention of the advertiser. As supporting media in an export advertising campaign—particularly in the soft goods trades—they have a distinct value, and are not to be ignored, but they cannot be regarded as sufficient by themselves to cover the entire export field.

Buyers' Guides.

Another secondary class of advertising media worthy of mention are the lists, buyers' guides—call them what you will—which frankly give no editorial matter, but rely for interest upon their advertisements. These are mainly successful in native and far-distant markets where the agent seldom troubles, and the bagman is at rest. In such territories information regarding sources of supply is naturally invaluable to the more enterprising element

of the trading community, and a collection of manufacturers' announcements gains more attention than the most interesting literary matter.

Importance of Export Trade Journals.

But, as already stated, the solid basis of any general export advertising campaign must be the specialised export trade journal, covering all branches from softs to machinery, and systematically reaching oversea buyers who can be got at in no other way. There are comparatively few even of these which can honestly claim effectually to fulfil their purpose, but those which really do offer sound value for the advertiser's money are undoubtedly among the most potent levers available for creating and extending export connections.

Selection of Media.

In selecting such journals a few cardinal points should be carefully borne in mind. In the first place, the manufacturer should not demand a large circulation, nor should he regard figures as the gauge of value. Indeed, the more reputable export publications refuse to divulge the size of their circulations, knowing that the true test is quality rather than quantity, which latter any mushroom print can guarantee, and even provide, without the advertiser being one jot the better for it. The only circulation worth considering is that which covers the *bonâ fide* wholesale importers in a given market or markets, and their buying and shipping connections in Europe and America. The number of these is obviously limited, and cannot possibly run into scores of thousands, but the vast export trade of the whole world is in their hands. The essential thing is to select a journal which possesses the respect and active interest of those who actually draft and place indents—perhaps the most conservative and difficult public for which any newspaper editor can be called on to cater.

Direct Results Not Usually Traceable.

The next point to remember is that directly traceable results should not be expected. The suburban housewife will always mention where she has seen an article advertised when she sends the order for it, but the wholesale merchant is seldom willing to do anything of the sort. Further, even when an overseas importer happens to add such information to his instructions, it is quite unlikely that the confirming house will pass it on. Only by chance, and very seldom, can an advertiser for export trade trace a new account or order to its source in a newspaper announcement, and, therefore, to complain that a particular advertisement has produced no inquiries is to confess ignorance of export conditions, and almost, one may say, of human nature. Export selling effort, in fact, must in all cases be judged by general results.

Preparation of "Copy."

A third point for consideration, and one of vital importance, is the preparation of advertisement "copy" for insertion in export trade journals. It is a remarkable fact that, with all the discussion of advertisement writing that goes on nowadays, the existence of innumerable schools for teaching the art and securing to ambitious youths a certain £5 per week for life, and the hordes of "experts" thus crowded into one of the most uncertain and difficult corners of the labour market, ideas on this important subject nevertheless still remain remarkably restricted.

Business Talk to Business Men.

The advertisement writer who has to make his appeal to the general public of the United Kingdom in the pages of the daily newspapers and popular magazines, may make a great display of "smart" ideas, humorous or eye-startling pictures, artistic borders, judicious use of white space, and all the other paraphernalia of a noisy trade, but he who desires to appeal to hard-headed business

men must talk sound business to them. They do not want to have their fancies tickled, or to be cajoled by cunning art into buying something which may or may not be of use to them. They are out solely to do business in the most profitable way possible, and will be interested in nothing which does not tend plainly and simply to that end. Even a profitable proposition brought to their notice in flippant or flamboyant style is at once suspect, and may be passed by in consequence.

The export trade advertisement should, therefore, be drafted with extreme care, avoiding equally the one extreme of smart and "popular" features, and the other extreme of ineffectual dullness as represented by a mere statement of the name, address and the speciality for sale. Let the advertiser think for a moment what are the points which appeal to a wholesale buyer when approached by a salesman. He wants, of course, to know that the goods are best value for money, but tell him that an article "saves labour in the home," or provides a new economy for the housekeeper, and he is but mildly impressed. Suggest, however, that the article may be kept in stock safely regardless of the most severe climatic conditions, that it will pack in such a way as to save freight, that it carries a liberal shipping discount, that it will appeal to racial or religious prejudices in certain markets, or any similar point of practical business interest, and you will soon see the article figuring in indents. It is merely a matter of common sense, and sufficient has been said to prove usefully suggestive for individual cases. The whole art of export advertising is to render clear to the wholesale merchant the reasons why he should buy and stock certain goods. Those reasons should be stated in terse and clear language, and set forth in bold and graceful type, the latter neither grotesque, fanciful, nor offensive to the eye by its clumsy or ugly plainness. Above all, a long "story" should be avoided, as business men are less inclined even than housewives to plod through a wordy rigmarole in order to discover its gist.

Single Insertions Useless.

Single insertions, it need hardly be said, are absolutely useless in export advertising. Results are not obtained instantly, nor by spasmodic efforts. The private individual may go straightway with eighteenpence in his hand to purchase a popularly advertised article which happens to catch his fancy, but the wholesale buyer moves more slowly, and awaits his own times and seasons. Therefore, persistent advertising, the constant reminder to his buying instincts, is the only method of ensuring even a trial indent from the importer. After all, export business is obviously too big and valuable to be captured by the casual expenditure of a few sovereigns.

Agents' Allowance for Advertising.

Finally, there is the question of agents' allowances for advertising purposes to be considered. On the whole, it may be taken as an unwise procedure to place the whole responsibility for an advertising campaign on local representatives, no matter how great their knowledge of their particular market may be. They are undoubtedly in a position to direct a publicity campaign in the purely local press, provided that they understand the business of advertising without, as is usually the case, having had any previous training in it; but they are certainly not favourably situated for making contracts with the important trade journals which appeal to wholesale buyers, and which are mainly published in Europe or America. Further, most manufacturers' agents carry a number of commissions, from half a dozen upwards, and can hardly be expected to work out judicious and comprehensive advertising programmes for each of the firms they represent.

The better way is undoubtedly for the manufacturer to direct his own campaign, controlling the expenditure himself, though taking the advice of his overseas agents, and weighing it carefully to see that it is not only founded

on local knowledge, but on an understanding of advertising generally. There are plenty of agents, for example, who would go so far as to veto what they might ignorantly regard as a speculation, fearing lest they should be expected to cover the expenditure by their own increased efforts, or considering that any money spent on their territory should go into their own pockets.

That export advertising pays, and pays handsomely, has been proved over and over again by scores of firms, both large and small, but the right media and the right methods must be employed.

highly developed markets. On no account should a design embody any feature likely to hurt religious, political, or racial feelings in any part of the world. For example, a semi-humorous picture of fire-worshippers betrayed into adoration of a particular make of lamp might appeal to all other races, but if it offended the susceptibilities of the wealthy Parsees of India its choice as an export trade mark would be a mistake.

Reject Easily Imitated Marks.

In choosing a device for a trade mark, it is also well worth while to bear in mind the disadvantage of a mark which lends itself to imitation in a colourable way without being exactly reproduced. This is a more subtle form of commercial piracy than actual counterfeiting, and a more expensive one to combat, for the question of degree of similarity between two marks can always be made to provide matter for a very pretty legal argument in the Courts. Further, the imitator of a mark does not necessarily remain under any stigma when a verdict is given against him in regard to what is a matter of opinion rather than law, and there are consequently to be found plenty of firms and individuals among the British manufacturer's foreign competitors who would strongly resent any imputation against their honesty, yet who do not hesitate to attempt to capture his trade by such means as close imitations of his mark. A notorious instance of this kind of thing, and one which was successfully exposed in the Courts, was the use by a firm at Solingen, Germany, of the letters "Q.I.Q." in obvious imitation of a Sheffield firm's world-famous mark "O.I.O." This, it was proved at the time, completely deceived native buyers in South Africa, and, indeed, might well have misled the somewhat casual buying public in England itself.

The points to be pressed upon the attention of the export manufacturer, therefore, are (1) the importance of prompt and universal registration in oversea markets as well as in

the United Kingdom, and (2) the necessity for selecting a mark with extreme judgment.

Trade Marks' Agent.

There are few countries in which trade marks cannot be registered and protected, which fact, on the face of it, suggests that a colossal and complex task awaits the export manufacturer who seeks to grapple with the separate and distinct regulations and pitfalls existing in each. The simple way out of that difficulty, however, is to employ a qualified trade mark agent, who will not only possess all necessary information, but will be able to ensure the validity and comprehensiveness of every registration.

Registration Terms in Different Countries.

The number of colonies and foreign countries in which trade marks can be registered is at least one hundred, and in all except Belgium, France, Holland, Turkey, India, Ceylon, Hongkong, Japan, China, Egypt, the Union of South Africa, Rhodesia, the Argentine, Canada, Mexico, Chili, Peru, Jamaica, Australia, Tasmania, and New Zealand, it is necessary to prove Home registration. The periods covered by registration in the different countries are as follow: *Five years* (*renewable*)—Spain; *Ten years* (*renewable*)—Denmark, Norway, Sweden, Portugal, the Argentine, Chili, and Peru; *Fourteen years* (*renewable*)—Hongkong, Ceylon, Union of South Africa, Rhodesia, Jamaica, Australia, New Zealand, and Tasmania; *Fifteen years* (*renewable*)—France, Turkey, and Brazil; *Twenty years* (*renewable*)—Holland, Switzerland, Japan, Mexico, and the United States; *Twenty-five years* (*renewable*,—Canada; *Perpetual*—Belgium, Italy, India, China, Straits Settlements, and Egypt. The fees, of course, vary considerably.

CHAPTER XVI

UNCONFIRMED ORDERS

ONE of the mysteries of export trade—Possible causes of non-confirmation—Do agents forward bogus orders?—Are agents gulled by ...porters?—Buyers over-ruled by their superiors—The case of the prejudiced shipper or buying agent—Diversion of orders by shippers—Rare instances of dishonesty—Some legitimate reasons for non-confirmation of orders—The buying agent's interest is to confirm as many orders as possible—Unconfirmed orders should be periodically returned to the agent.

ONE of the most mystifying features of export business is apt to be the number of orders which remain unconfirmed. Every manufacturer has his file of these unsatisfactory documents—really duplicates forwarded by his directly accredited agents in overseas markets by way of notification that the actual orders will be found awaiting confirmation at the offices of this or that merchant or buying agent—and he is not unnaturally inclined to indulge in occasional speculation as to what lies behind them.

Possible Causes of Non-Confirmation.

The unconfirmed order may be traced to any one of a series of causes, and it is the wide-awake manufacturer's duty to satisfy himself which it is that happens to be robbing him of promised business. He must ask these questions—

(1) Is his agent sending home bogus orders with a view to creating an impression of brisk salesmanship when genuine orders are scarce?

(2) Is his agent too easily put off with empty promises by oversea buyers, and consequently spending money and time in obtaining purely illusory results?

(3) Are any of the confirming houses, otherwise the merchant shippers and commission buyers, prejudiced against him or his goods?

(4) Are the orders which the confirming houses refuse to confirm being quietly diverted into other channels for the benefit of their own friends among the manufacturers, possibly with a view to a special—and illegitimate—commission being secured?

Bogus Orders?

The first of these questions is the easiest to answer in the affirmative on mere suspicion. On the face of it the receipt of detailed particulars of orders from the agent on the one hand, and the blank denial of any knowledge of such orders by the commission buyer or merchant shipper on the other, is a circumstance which needs a good deal of explaining away by the former. The giving of details, indeed, seems damning evidence, a gross aggravation of the offence, if the orders are really bogus ones. Against this must be set the poverty of motive on the part of any agent with a character to sustain and a living to get. Obviously the bogus order can only create a passing impression in the salesman's favour. The only type of agent capable of benefiting by it is he who, having secured an agreement for a periodical contribution toward expenses, has no intention of seeking business seriously, but only of making use of his principals and their too easily obtained money so long as the latter can be extracted. The manufacturers who get bitten by representatives of this kind either deserve their fate or are paying for experience. If the agent possesses reasonable credentials, or is a man of some degree of repute in his market, it may be taken for granted that any orders of his which remain unconfirmed are perfectly genuine, and must be explained without any reflection on him. Even an untried man should not be suspected of the bogus order trick without direct evidence.

Gullibility of the Agent.

The second question, affecting the gullibility of the agent by easy-going buyers who find it harder to give a straight refusal than to promise without intending to perform, is one which may, perhaps, require consideration if the agent is very young or inexperienced. Also a certain very limited margin of allowance must be provided for the cases in which the buyer for a colonial firm fully intends to forward instructions to his confirming house in England, but is over-ruled

by his general manager or other superior after the agent has left. Under such circumstances, of course, no blame can possibly be attached to the agent, but a very small proportion of the orders that remain unconfirmed can reasonably be accounted for in this way.

Prejudice of the Shipper.

In regard to the third question, the manufacturer is himself likely to be in the best position to provide the correct answer. He, better than anybody else, should know whether he has at any time given the shipping and buying houses generally cause for offence by such practices as direct trading, failure to fulfil contracts, slackness in delivery, or by high-handed or negligent methods of any kind whatsoever.

Diversion of Orders.

A clear answer to the fourth question will not be so easy to obtain, and the only safe rule in tackling it is to be extremely cautious about attaching too much weight to mere suspicion, no matter how strong the latter may seem in regard to particular firms. That some confirming houses do make a practice of diverting orders for purposes of their own cannot be denied. In a few cases this simply signifies the gratification of old-fashioned prejudices against the specific indent, and against the manufacturers who are enterprising enough to take the necessary steps to secure it at the fountain-head overseas instead of humbly waiting, hat in hand, at the inquiry pigeon-hole in the unsympathetic shipping firm's lobby. Every year, however, the number of such foolishly prejudiced shippers and buyers becomes markedly smaller, and in time, doubtless, there will be none left to kick against the pricks. Meanwhile, the only way to bring them to book is to provide chapter and verse for their oversea clients whose orders have been thus perversely diverted, and to persuade the latter to make an effectual

protest. If the manufacturer's agent is on sufficiently good terms with the importers concerned, that can easily be done; if he is not it is better to forego this form of flank attack, and to put the grievance in a straightforward and dignified way before the principals of the guilty confirming house.

Rare Instances of Dishonesty.

There are cases, of course, in which investigation brings to light more sinister explanations of the non-confirmation of orders. Without entering into all the subtleties of the arrangements which may be found in a comparatively few isolated instances to exist between commission buyers and manufacturers, it will be sufficient to state that because a buyer advertises his readiness to supply his importing clients with original invoices, it by no means follows that he has thus provided proof of either his honesty or his willingness to work on a "commission only" basis. False invoices, secret commissions, etc., are typical of the machinery by means of which the dishonest buyer, in collaboration with similarly constituted manufacturing connections, may serve his own interests at the expense of those of his oversea clients, at the same time incidentally robbing the straight-dealing manufacturer and his agent—who together have spent time, labour, and money in beating up orders—of the business which is their due. Cases of this kind are naturally extremely difficult to prove, but fortunately they are of rare occurrence in comparison with the huge majority of firms engaged in the export trade whose honesty is beyond question. Nevertheless, they provide a certain share of the unconfirmed orders which most manufacturers have always on their hands.

Legitimate Reasons for Non-Confirmation.

In addition, a number of causes capable of perfectly satisfactory explanation may be found influencing failure to get orders confirmed, and the possible occurrence of these

should not be lost sight of. For example, the importer may suddenly be faced with the prospect of some political or economic crisis in his market which renders it prudent to cancel instructions previously given to his European house, and to hold back intended orders which may have already been notified to manufacturers by their agents. Under such conditions blame obviously attaches to no one concerned.

Again, many refusals to confirm orders are due to the possession by the confirming house of knowledge of the financial weakness of the importing firm, which, indeed, may already be heavily in debt to the commission buyer or merchant, whose objection to support the account further is perfectly just and reasonable under the circumstances. In passing, it may be laid down as an indubitable fact that the practical interest of the commission buyer is to confirm every order possible, for the heavier his buying so much the larger does his commission grow. Therefore, it is a common-sense conclusion that when orders remain unconfirmed it is not the fault of the buyer, who loses thereby equally with the disappointed manufacturer.

As a matter of fact, the number of unconfirmed orders is small in comparison with the total amount of business which passes, and of those a very insignificant proportion is due to diversion by buyers for questionable purposes. The rest are occasioned by one or other of the perfectly legitimate causes indicated, and the manufacturer should always bear this in mind when tempted to give way to an impulse to blame either his own agent or the confirming houses. It may usually be taken for granted that an order which remains unconfirmed for a month or two is hopeless, but it is a very good plan to send all such orders back to the agent at the end of each three or four months. He may not be able to get the business even then, but he will at least know how matters stand, and may use his knowledge to obtain compensating favours from the buyers who have failed him previously.

CHAPTER XVII

COLONIAL AND FOREIGN OFFICIAL CONTRACTS

A Class of business apart—Comprehensive and valuable business—Supplies for government-controlled public services—Municipal requirements—No favouritism or other undue obstacles—Purchases through local merchants—Need for merchant-agents on the spot—Employment of merchant-shippers as official buyers—Buyers on the staffs of High Commissioners and Agents-General—The Crown Agents—How to get on the "lists" of the official buyers—How tenders are dealt with—Public advertisement of contracts—Specialists in municipal representation—List of colonial government buyers.

Colonial and foreign government and municipal contracts represent a class of business apart, to be canvassed by different methods, and in many respects to be executed and shipped under different conditions. It is a business, however, which is well worth catering for, and which not only runs to a very large aggregate value annually, but covers a remarkably wide range of trades.

Comprehensive and Valuable Business.

Unlike Great Britain, most of the colonies and many foreign countries work various important public services as government undertakings under State control. Railways, harbours, posts, telegraphs, river services, schools, hospitals and asylums, in addition to military, naval, police and prisons departments, are officially owned and managed, and the stores required embrace an immense quantity of items, from dredgers and locomotives, to clothing, school primers and even surgical implements. Add to this the requirements of the great municipalities which exist in all the leading markets of the world, with their drainage, lighting, power, tramway, road and police services, their handsome and costly public buildings, their up-to-date enterprise in matters of hygiene, sanitation, public amusements, etc., and the field of overseas official business is shown to be practically unlimited. It certainly offers rare prizes to manufacturers who can grasp the opportunities provided,

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but against this must be set the prevalent notion that official contracts and orders are extremely difficult to get, that the ways and methods are devious and obscure, and that favouritism, influence, and even worse are the factors underlying success in this business. At any rate, many manufacturers are impressed with the idea that it is a kind of mysterious and unreachable gold mine in which it is useless for them to aspire to a share. Needless to say, the actual conditions are entirely different, and afford an extremely valuable subject for investigation.

Supplies for Government.

Taking first government buying, both colonial and foreign, this is done as far as possible through merchant houses on the spot. As taxpayers the latter are regarded as having a right to benefit by public expenditure so far as this can be accomplished without prejudice to the public interest, and they are therefore entrusted with a considerable share of the business in general supplies to meet departmental requirements. Those who hold agencies for European and American engineering firms may also tender for contracts of first-class importance, and, indeed, in foreign countries such merchant-agents are essential for capturing such business as soon as it is on offer, as only invitations to tender for exceptionally large contracts are offered by advertisement outside the countries of issue, and time is seldom allowed for news of local calls to reach manufacturing countries, and to be replied to with tenders. In special cases, too, foreign governments often employ a merchant house of high standing in London, New York, or other centre to make purchases, and to undertake the work of inspection and shipment. On the whole, however, foreign official business is most conveniently catered for through merchant-agents as described.

Colonial Official Buying.

In regard to colonial official buying, matters are somewhat different. The miscellaneous supplies obtained through

merchant houses trading in the respective colonies form a relatively small part of the whole. Each self-governing colony is represented in London by a High Commissioner or Agent-General, and in every case his staff includes a Stores Superintendent at the head of a highly organised and busy buying department, the value of the annual purchases of which far transcends that of any private firm. The Crown Colonies are similarly served by the Crown Agents. All large contracts, and an enormous mass of smaller business, are given out by these departments on instructions and indents which keep arriving by every mail. The question for the manufacturer is how to get the ear of these official buyers.

How to Get on the List.

The process is a perfectly simple and straightforward one. The first step is to apply to each for inclusion on his "list," and at the same time the firm applying should furnish indisputable evidence of its standing, reliability and capacity for executing orders strictly to specifications and time of delivery. No suitable firm is likely to meet with a refusal, for the buying is quite as keen as is the competition among manufacturers to get the business. Once on the "list" the successful firm will be asked to quote every time its class of productions is required, and on receipt of such requests will be entitled to examine the standard specifications and samples of which each colonial government buying department maintains a comprehensive set. In fact, every courtesy and facility is extended to the manufacturer to enable him to give the keenest quotation possible. Tenders are dealt with under identification marks, expert advice is called in by the official buyer in cases where the nature of the goods renders this advisable, and the expert's decision is then revised by the buyer, and finally ratified by the High Commissioner or Agent-General. There is neither mystery nor favouritism in this. In addition to being on the list, of course, the manufacturer

should always keep a watchful eye on newspaper columns for advertisements of contracts offered for open competition.

Agents for Colonial Municipalities.

Colonial and foreign municipalities never maintain their own buying offices in London, but in all cases have properly appointed agents among the merchant-shipping houses. Some London firms, in fact, specialise in municipal representation, carrying half a dozen or more such agencies, which they work on a commission basis. Others will be found holding just one such agency in addition to their ordinary business, being influenced probably by a local connection, such as the existence of a branch house or colonial headquarters at the town in question. Apart from advertising and superintending the large engineering contracts which are frequently placed by them on behalf of the municipality, these firms conduct their official buying on ordinary commission agency lines, and should be canvassed in the ordinary way. Early knowledge of overseas municipal improvement schemes is obtained through local correspondents, trade journals, or a press-cutting agency, and is, of course, invaluable to manufacturers in putting them on the alert for the issue of the contracts involved.

Colonial Government Buyers.

For the convenience of readers the following list of colonial government buyers is appended, but a list of municipal agents would obviously be so lengthy as to be beyond the scope of this volume—

AUSTRALIA

COMMONWEALTH OF AUSTRALIA.—The Stores Superintendent, Offices of the High Commissioner for the Commonwealth of Australia, Australia House, Strand, W.C.2.

NEW SOUTH WALES.—The Stores Superintendent, Offices of the Agent-General for New South Wales, Australia House, Strand, W.C.2.

QUEENSLAND.—The Stores Superintendent, Offices of the Agent-General for Queensland, 409–410 Strand, London, W.C.2.

SOUTH AUSTRALIA.—The Stores Superintendent, Offices of the Agent-General for South Australia, Australia House, Strand, London, WC 2

VICTORIA —The Stores Superintendent, Offices of the Agent-General for Victoria, Melbourne Place, Strand, London, W.C.

WESTERN AUSTRALIA —The Stores Superintendent, Offices of the Agent-General for Western Australia, 115–116 Strand, London, W C 2

CANADA

CANADA —The Stores Superintendent, Offices of the High Commissioner for the Dominion of Canada, 19 Victoria Street, Westminster, S W 1

ONTARIO —The Stores Superintendent, Offices of the Agent-General for Ontario, 163 Strand, London, W C 2

BRITISH COLUMBIA —The Stores Superintendent, Offices of the Agent-General for British Columbia, 1 Regent Street, S W 1

QUEBEC —The Stores Superintendent, Offices of the Agent-General for Quebec, 38 Kingsway, London, W C 2

NOVA SCOTIA —The Stores Superintendent, Offices of the Agent-General for Nova Scotia, 57*a* Pall Mall, London, S W

CROWN AGENTS FOR THE COLONIES

The Stores Superintendent, General Stores Department, Crown Agents for the Colonies, 4 Millbank, London, S W 1 Shipping Department, 13 Great St Helens, London, E C 3

NEWFOUNDLAND

NEWFOUNDLAND —The Stores Superintendent, Offices of the High Commissioner for the Dominion of Newfoundland, 58 Victoria St, London, S W 1

NEW ZEALAND

NEW ZEALAND—The Stores Superintendent, Offices of the High Commissioner for the Dominion of New Zealand, 413 Strand, W.C 2

RHODESIA

RHODESIA —The Stores Superintendent, Offices of the British South Africa Co, London Wall Buildings, London Wall, E C.2

SOUTH AFRICA

UNION OF SOUTH AFRICA —The Stores Superintendent, Offices of the High Commissioner for the Union of South Africa, Trafalgar Square, S W

TASMANIA

TASMANIA —The Stores Superintendent, Offices of the Agent General for Tasmania, Australia House, Strand, W C 2

CHAPTER XVIII

HOW THE GOVERNMENT HELPS MANUFACTURERS

A NEGLECTED factor—An efficient intelligence department provided for every manufacturer—Too much expected of the Board of Trade—The Board galvanised by war conditions and opportunities—Prompt information to help British firms supplant foreign goods—Data for export campaigns—Work of Trade Commissioners and Consuls.—A free service—A special service of confidential reports—Limitations of replies to status inquiries—A permanent sample exhibition of foreign productions—Work of the Exhibitions Branch of the Board of Trade—Organisation of British Sections at International Exhibitions.

IT still remains to describe one factor which can be employed by every British manufacturer in developing his export business, and one probably to which it would not otherwise occur to him to turn. Yet he annually, and very patiently, pays a considerable sum in order that it may be provided for his service, leaving the matter at that without troubling to ascertain what value is returned for his money.

The Board of Trade.

The service referred to is that which the Board of Trade affords to those who, getting rid of ingrained prejudices against officialdom, are wise enough to avail themselves of it. Justice may be done to the value of this service without any danger of over-rating it. True, Government officials are not appointed to do a manufacturer's work for him, nor is it their duty to run his business while he enjoys the proceeds on the Riviera, but they will provide him with a very efficient intelligence department. More than this can hardly be asked, for they cannot be expected to sell his goods for him. They will even provide him with opportunities for meeting buyers from all parts of the world, but they cannot compel those buyers to place orders against their judgment and inclination. These are points which the average business man who has contracted the habit of "grousing" against the Government and its officials is

exceedingly apt to overlook, and a little plain speaking on the subject may prove timely.

Activities of the Board of Trade.

Putting prejudice on one side, then, the manufacturer may make a very important use of the organisation which has been built up by the Board of Trade, and which has been extended and improved beyond all precedent in recent years. To outsiders, indeed, the war seemed to galvanise the Board in a most surprising way. It not only embarked upon activities of an entirely new character, but those activities proved of a surprisingly practical and efficient nature. As an example, it may be pointed out that without a moment's delay the Board's Commissioners in the colonies, and Consular officers in foreign countries, were instructed to collect information concerning trade opportunities created by the expulsion of Germany and Austria from the world's markets, and long before most private firms had been able to size up the situation, to say nothing of discovering and utilising the new business thrown open to them, samples of popular lines of enemy goods were on exhibition in various parts of England, with full details concerning prices and the extent and neighbourhood of demand, so that British manufacturers in scores of cases were at once placed in a position to secure new avenues of profitable business. That, however, is by the way, and it will be of more practical value to discuss the assistance which the Board normally gives to British manufacturers. Its service is, of course, essentially one of information. In the first place, it will answer any question as to the character of a given market, and as to the conditions of a particular trade in that market. No manufacturer contemplating the creation of a demand for his goods in a country with which he is unacquainted should fail to obtain official data on which to base his plans. Such data is collected through the agency of Trade Commissioners in the colonies and Consuls in foreign markets, and though, unfortunately

the principal function of which is to organise national displays at foreign exhibitions, and also the great British Industries Fair, held annually at London, Birmingham and Glasgow. Not only do purely official exhibits come under its control, but all British exhibitors are afforded an opportunity to secure advantageous terms, to have much of the work and worry involved taken off their shoulders, and, above all, to be properly classified in the British section so as to secure the full prestige of their nationality, and, incidentally, to add to that prestige by their contribution to the effect of the massed national exhibits. Thanks to the Exhibitions Branch of the Board, at all important exhibitions held during recent years Great Britain has been represented by an adequate national section, instead of individual British exhibits being scattered far and wide with a consequent diminished effect upon the minds of foreign buyers.

In various minor ways, also, the Board of Trade offers British firms different forms of useful service, and, though there may still be room for many improvements in the official system and methods, no manufacturer is nowadays justified in neglecting the really valuable and efficient assistance which this Government Department places at his disposal for the asking.

CHAPTER XIX

BRITISH CHAMBERS OF COMMERCE ABROAD

GENERAL attitude toward chambers of commerce—British chambers in foreign countries on a different footing—Highly vitalised institutions—Local merchants' altruistic service to British manufacturers—Prevention of fraud—Advantages to manufacturers—A service worth paying for—List of British chambers of commerce in foreign countries.

IT is at once a strength and a weakness of British character to rely upon individual effort for individual results rather than to value and make effectual co-operative activities. For that reason a chamber of commerce is apt to be regarded by the average business man as an innocuous kind of debating society on the one hand, and on the other as a meeting place for trade rivals in a state of perpetual alarm lest they should "give something away" to each other. Seldom is anything done in the United Kingdom to make a chamber of commerce a vital factor in business promotion, and so such institutions are regarded with mere good-humoured tolerance rather than with active interest.

Beyond stating his profound disagreement it is, fortunately, not the author's concern to discuss the justice of that attitude towards chambers of commerce in the United Kingdom, but it is undoubtedly of importance that he should clear away any misconceptions of the sort in regard to British chambers of commerce abroad. The latter, indeed, offer various highly practical forms of assistance to the manufacturer who is wise enough to enter into membership, and this volume would be incomplete and inadequate as a guide to export methods if it failed to make mention of the fact.

Highly Vitalised Institutions.

British chambers of commerce in foreign countries are, as a matter of fact, in practically every case highly vitalised institutions, fulfilling a *rôle* which in some particulars is

essentially different from that of home chambers. To understand this it is necessary to realise the character of the membership of such chambers. The active members are the British merchants established in the locality served by a particular chamber, and behind these are a number of manufacturers in the United Kingdom who carry on business relations with those merchants, and whose participation is mainly limited to the payment of their subscriptions. And very good value for their money do they get. The actual work is done by the merchant-members on the spot, and consists almost entirely of the promotion and protection of the local interests of the members who are home manufacturers. Except in so far as the interests of the two classes of members, acting as principals and clients, can be regarded as identical, it is an altruistic form of patriotic service by the local members. They intervene in regard to all local questions concerning restrictions, obstructions, and excessive dues on British goods. They keep a watchful eye on special forms of fraud and abuse which arise from time to time. They help the British manufacturer and shipper in the matter of status inquiries and other confidential information. They institute test cases and press legal action in connection with swindles for which home firms would have neither the knowledge nor the facilities to obtain redress. In fact, they serve as the outposts of British commerce, policing the bounds of our vast empire of trade just as pioneer settlers hold the far-flung lines of our territorial empire.

Money Well Spent.

The manufacturer who pays his subscription as a member of one of these chambers at once creates a distinct bond between himself and the local merchant firms, and secures what for many practical purposes is a valuable agency capable of placing an influential and effectual organisation at his disposal in case of the necessity arising. That is a service well worth the small annual payment, and the best

advice that can be given to any manufacturer who develops a trade of any value with a city or market where a British chamber of commerce exists, is to seek membership of the institution forthwith.

List of British Chambers Abroad.

Appended is a list covering most of the British chambers at present in active operation in oversea markets—

ARGENTINA.—British Chamber of Commerce for the Argentine Republic, Calle Reconquista, 46, Buenos Aires.

BELGIUM.—British Chamber of Commerce in Belgium (Inc.) 2, Rue de la Bourse, Brussels.

BOLIVIA.—British Chamber of Commerce in Bolivia, La Paz, Bolivia.

BRAZIL.—British Chamber of Commerce in Brazil, Rua da Quitanda, 143 Rio de Janeiro.

British Chamber of Commerce of São Paulo and Southern Brazil, 26, Rua 15 de Novembro, São Paulo. Branch at 215 Rua dos Andradas, Porto Alegre (Rio Grande de Sul).

CHILE.—British Chamber of Commerce the Republic of Chile, Valparaiso.

CHINA.—

British Chamber of Commerce: 1 The Boad, Shanghai.
" " " " Amoy.
" " " " Canton.
" " " " Changsha.
" " " " Chefoo.
" " " " Foochow.
" " " " British Municipal Council Buildings, Hankow.
" " " " British Municipal Council Buildings, Harbin.
" " " " c/o British Consultate-General, Mukden.
" " " " c/o British Consultate, Newchang.
" " " " Culty Chambers, Pekin.
" " " " Culty Chambers, Swatow.
" " " " Culty Chambers, Tientsin.

EGYPT.—British Chamber of Commerce of Egypt, 6 Rue de l'Ancienne Bourse, Alexandria. Branches at Savoy Chambers, Cairo, and at Suez.

FRANCE.—British Chamber of Commerce, Paris (Inc.), 9 Rue Halévy, Paris, IXéme.

British Chamber of Commerce, Marseilles, 2 Rue Beauvau, Marseilles.

British Chamber of Commerce for the French Riviera and Principality of Monaço, 4 Avenue Massena, Nice, and Avenue Monte Carlo, Monaco.

GERMANY.—British Chamber of Commerce in Germany, 133 Hohestrasse, Cologne.

GREECE.—British Chamber of Commerce in Greece, 7 Place St. Theodore, Athens.

ITALY.—British Chamber of Commerce for Italy, 7 Via Carlo Felice, Genoa. Branches at 235 Via Sicilia, Rome; 31 Via A. Depret's, Naples; 12 Via Silvio Pellico, Milan; and 3 Scali D'Azeglio, Leghorn.

MOROCCO.—British Chamber of Commerce for Morocco, Tangier.

PERSIA.—British Chamber of Commerce, Bushire.
British Chamber of Commerce, Mohammerah.

PERSIAN GULF.—British Chamber of Commerce, c/o Eastern Bank, Basrah.

PORTUGAL.—British Chamber of Commerce in Portugal, 4 Rua Victor Cordon, Lisbon.
Branches at 39 Rua do Choupelo, Vila de Gaia, Oporto, and 81 Rua dos Netos, Funchal, Madeira.

RUSSIA.—Russo-British Chamber of Commerce, 4 Gorochovaïa, Petrograd. Branch at 17-19 Kondratenko Street, Odessa, and Agency at Kiev.

SIAM.—Franco-British Chamber of Commerce, Bangkok.

SPAIN.—British Chamber of Commerce for Spain, 8 Rambla de los Estudios, Barcelona. Branch at 7 Marques de Cuba, Madrid.

TUNIS.—British Chamber of Commerce, Rue Es-Sadikia, Tunis.

TURKEY AND THE BALKAN STATES.—British Chamber of Commerce of Turkey and the Balkan States, 34-35 Tunnel Han, Galata, Constantinople.

UNITED STATES OF AMERICA.—British Chamber of Commerce of the U.S.A., 206 Broadway, New York.

URUGUAY.—British Chamber of Commerce in Uruguay, Calle Rincon, 506 Montevideo.

CHAPTER XX

HOW TO GET EXPORT TRADE: A SUMMARY

CONCENTRATION and specialisation of effort—Vested interests and established conditions cannot be defied—Creation and proper organisation of an export department essential—Opportunism a fatal mistake—Markets must be specially and individually catered for—The importer abroad must be discreetly canvassed—Employment of selling agents—Representatives abroad must be consistently supported—Getting confirmations and "open" orders—Importance of the manufacturer's personal interest in his export activities.

THE manufacturer who has read the foregoing chapters will at least have a working knowledge of the conditions under which export trade must be sought and catered for. He will be in a position to see clearly what classes of trade buyers exist, and to choose definitely on which classes it will be wise for him to concentrate his selling efforts. More than that, he will have learned what different forms such selling efforts must take, and also what forms he must avoid.

Concentration and Specialisation Essential.

The lessons to be gathered from what has been written are easy to summarise. First, the manufacturer must make up his mind definitely, for good or ill, which branch of the export trade he will enter. It will be useless for him to think that he can safely snap up orders from any and every direction, attempting to supply all markets through all channels, yet concentrating on none. System, and a certain conservative adherence to the apparently arbitrary conditions which exist, are essential. The established order of things—call it a congeries of vested interests or what you like—cannot be defied with impunity, not only because those vested interests are powerful, but because, as has been shown, they are the interests of whole sections of the shipping trade—not merely of privileged groups or individuals—and are based on vital business necessities,

and not on selfish monopolistic grounds at all. The insistence on indents from the great colonial and other established markets going solely through the hands of merchant-shippers or commission buyers is a case in point.

Organisation of Export Department.

Secondly, the manufacturer must decide to create a properly organised export department, to be run by an expert untroubled by considerations of home trade, and to have an equal call on the service of the factory with that exercised by the home sales department. Above all, the export department should be given full and constant consideration, and not treated in an opportunist spirit as a mere adjunct, a non-essential speculation, to be pushed or neglected at convenience, or to be subservient to the exigencies of the home trade.

Each Market Requires Special Treatment.

Thirdly, the markets to be catered for must be definitely selected, and for sound reasons in each case. Notwithstanding the average British manufacturer's somewhat insular impressions to the contrary, the whole world is not prepared to accept and adopt the standard requirements of the home-keeping public of the United Kingdom. Each market rightly insists, and will do so increasingly in the future, on having its own particular tastes and requirements specially catered for; therefore, a manufacturer will not be justified in allowing his export ambitions to expand unduly on the strength of selling a good article. It is useless to say that what is good enough for the home trade ought to be in favour anywhere else in the world. The wise policy is to discover what oversea markets a particular firm's products are most suited for, and its facilities for production most easily adaptable to, and to confine attention to those markets. Indeed, a sound rule for the beginner in export trade is to select one market only, and to work it thoroughly, not necessarily refusing shippers'

orders for other destinations, but consistently directing the active catering and selling policy to the satisfaction of the chosen market. That is a system which can easily be extended as circumstances require, whereas to diffuse uninstructed energy over all markets, and to hit the mark in none, is a course of action which deliberately invites failure.

Export Salesmanship.

Fourthly, there is the *modus operandi* of export salesmanship to be studied. The indentor abroad must be discreetly canvassed without antagonising the home merchant and buying houses upon whom the financial responsibility for the business rests. This work, as has been shown, depends upon the employment of one or more of the various types of selling agents described in Chapters VIII–XI, and it is in their selection of, and relations with, these that many manufacturers make their worst and most costly mistakes. Much patience and care must be shown in finding the right firms or individuals, and, indeed, the building up of a successful agency system abroad often involves a series of disappointing failures, though persistence always ends in a satisfactory and permanent appointment or appointments being made. Further, the entire onus of showing results should not be thrown upon the agent when appointed. It is futile to expect him to create business if not vigorously and intelligently supported by his principals. He can do nothing unless he has the right goods to sell, and unless his customers can rely on having their representations, complaints and instructions to him promptly and properly attended to by the manufacturer with whose interests he has been entrusted. In fact, special vigilance should be displayed by the manufacturer in seeing that the distant overseas representative is not ignored and neglected for the benefit of the firm's home travellers, who, being on the spot, can make their demands on the factory and dispatching room more clamorous and insistent.

Experienced Representative Required.

Fifthly, a keen and experienced representative is required in London, and probably in other home centres, to get confirmation from the shipping and buying houses of the largest possible percentage of the orders notified by the overseas representative, and also to be alert to pick up any open orders that may be on offer. It is a gross mistake to suppose, as so many firms appear to do, that an underpaid junior will do for this work.

Manufacturer's Personal Interest Vital.

Finally, it remains for the manufacturer himself to take a keen personal interest in his export business, to push it by advertising and other general means, to utilise to the full such official assistance as may be available, and at the earliest convenient moment to make a personal tour of investigation in the market or markets he is serving. It is an invariable experience that the appearance on the scene of operations of the principal of a manufacturing firm does more than anything else to stimulate and encourage agents, to consolidate relations with importers, and, not least important, to bring about an intelligent and vitalised treatment of shipping orders in the factory and office after his return home. These in outline are the guiding principles to be followed in establishing an export connection, and it now remains to take up the study of the detailed working of such a connection after it has been secured.

PART II

EXPORT FINANCE AND CREDITS

CHAPTER XXI

FINANCIAL MACHINERY AND FACILITIES

INADEQUATE facilities provided by British banks—British firms' past neglect to demand facilities—A result of the commission buying system—Rise of new important markets creates new credit requirements—No machinery for financing large contracts—German co-operative organisation—A double-barrelled menace to British supremacy—British investments spent in Germany—Lack of co-operation between finance and commerce—A neglected weapon—Long credits impossible under present conditions—United States Federal Reserve Act—An attack on Great Britain's position as the world's banker—Banks must establish special export departments—Commercial banks—Two foreign systems for financing export business—Machinery needed for financing small and miscellaneous shipping orders.

HAVING studied the methods to be pursued in cultivating export trade, and the machinery to be employed in securing contracts and orders from oversea markets, the manufacturer next finds it necessary to give his attention to the financial facilities which exist to enable him to execute such contracts and orders. Just as he will have learned that home trade and export selling methods differ widely, so he now discovers that equally marked differences exist in the financial machinery of the two branches of trade.

Inadequacy of Banking Facilities.

These differences arise mainly from the fact that British banks have never developed adequate facilities for the exporter, but have until recently limited their ideas and their service to the necessities of home business. Worse still, British manufacturers and merchant shippers have never yet awakened to the fact that they can obtain from the banks, or provide for themselves, all the financial

facilities required as soon as they adopt intelligent co-operation for the purpose. It is only fair to add, however, that their backwardness in this respect largely results from the employment of the commission buying system, under which they make out all accounts to the home buyer only, who is responsible for all liabilities on account of his oversea clients, taking home credit terms regardless of what terms he may have to grant to the importers for whom he buys. This has kept the trade with most of the important colonial and other export markets on precisely the same footing as ordinary home trade so far as the manufacturer is concerned. He has not been called upon to provide credit facilities of a special character in doing this business, and consequently has not been under the necessity of evolving special financial machinery.

Finance and Commerce Fail to Co-operate.

That, however, applies only to the general trade with the class of markets mentioned, and does not alter the fact that for the transaction of other, and equally important, branches of export business there is a very serious lack of the financial support which ought to be available for the British manufacturer—support which becomes increasingly essential as foreign competition develops. In two directions this is specially apparent. The first is in regard to those markets, including Egypt, China and many others, which are not served through commission buying agents, but through merchant shippers, or by the manufacturer direct. The second is in regard to the large engineering contracts which oversea governments, municipalities and industrial corporations are constantly placing. The consequence is that, even though the great war has completely altered conditions, the British manufacturer has never been able to give the long credits which could alone secure for him a fair share of the general trade with a country like pre-war Russia. The Germans, on the other hand, by co-operative organisation, were able to give

credits that would have meant bankruptcy to our totally unorganised British firms, and by so doing almost monopolised the market. So, too, whenever an important engineering scheme was promoted before the war, even in a British colony, German money was always on offer at once to finance it, though always on the condition that the contracts for machinery and material involved should go to certain specifically designated German firms who formed part of the organisation lending the money. This German system, in fact, developed into a double-barrelled menace affecting Great Britain's supremacy equally in the world of finance and of commerce. It is quite true, of course, that British investments in colonial and foreign undertakings are vastly preponderant. That, however, does not alter the fact that there is still no co-operation between British finance and commerce, with the result that our huge wealth may produce interest on capital, but it is seldom used as the all-powerful weapon it might also be to secure to us the benefit of the trade which it creates. We may lend the money to erect an electrical installation in the Argentine, and then see it passed on to foreigners in exchange for the machinery which we could equally well have supplied. That was not, and is not, the German way, but British financiers and industrialists are sadly slow to profit by the lesson.

It does not by any means follow that British business men should imitate in detail German methods, but we should certainly be as prompt as the Germans have been in recognising that our future relations with certain European, Near Eastern and Far Eastern markets, which are to-day at a comparatively early stage of development, but are plainly developing toward a very great future, though on different lines from those followed by the colonies and the South American Republics, will depend mainly on the provision of machinery and methods for financing the business which they offer.

It is merely a matter of adding to—not scrapping—the methods evolved by earlier generations, which have

done good service in dealing with markets whose buyers were placed with orders and cheque books at our factory-gates, but are not adapted for business with the long-credit markets which are now also rising to the first importance. To-day the majority of our manufacturers and merchant shippers allege that those markets are not safe, but really mean that they have not had the financial resources to support the granting of long credits to them.

The Government's Export Credits Scheme.

Since the war, however, there has been a distinct movement in the right direction, and the excellent export credits scheme initiated by the Board of Trade goes far to place the British shipper on a sounder footing. Under this scheme a sum of £25,000,000 is allotted for the purpose of a simple system of insurance, under which applications for advances up to 80 per cent. of the value of shipments may be made through the medium of the banks, the credits being based on bills drawn in Great Britain, and subject to the deposit with an approved bank in the purchasing country of currency, securities or guarantees. It is simply an extension of the usual system of bill discounting, but with Government money and support behind the banks, so that countries suffering from adverse exchange conditions, and especially those European markets which have been devastated by war, may be served without incurring the penalties of what would otherwise be regarded as exceptional risks.

United States Federal Reserve Act.

It is undoubtedly to their existing financial institutions that British manufacturers must look for reformed conditions. Pressure must be put upon the banks not only to place bill discounting on a wider and more liberal basis, but to be prepared to advance capital on the security of any definite export order or contract of an assured character, even beyond the limitations of the official scheme referred

to above. Already there is clear ground to believe that British banks will be compelled to adapt their methods and service to meet the new conditions arising since the war. For example, in the United States Federal Reserve Act, there is the germ of a very serious menace to Great Britain's position as the banker of the world. That Act is designed to enable the United States to finance its own trade by the use of American acceptances, and the reserve banks created for this purpose are in a position to compete for a share of the international business of financing trade by establishing their acceptances on a level hitherto practically monopolised by British acceptors. In fact, the Act is specially designed, and has been authoritatively interpreted, to enable the Federal reserve banks to discount bills accepted by allied banks on transactions arising out of shipments between foreign countries, and having no connection with the United States. That means a deliberate and calculated effort to use the conditions created by the world war to lift the United States into the position of a world banker, and to challenge British financial supremacy in this respect. Moreover, it is certain that increasingly in the future the Federal reserve banks will be used to enable United States banks to quote "forward" rates for discounting bills, so that foreign shippers will be assured against finding that rates have risen against them during the period in which a bill is in transit by mail steamer. This, it may be taken for granted, will induce foreign firms to adopt American credit facilities instead of British when other reasons also exist for so doing. Obviously, then, British banks have now to face competition such as they have not perviously experienced, and should be specially sensitive to the suggestions and requirements of their customers.

Special Commercial Banks.

It may be that the banks will find it convenient to establish export departments with full facilities for financing

export business, both small and large; or a special class of bank may come into existence to meet the demand for such facilities; or we may even see commercial banks created on the German plan—banks which, in their crudest form, are nothing more nor less than combinations of groups of financiers and manufacturers who enter into a sort of partnership to share the spoils which result from linking their separate forms of power and activity for a common purpose. The man with the money provides capital or credit for the customer on condition that any contracts involved go to his own connections, so that he may share the commercial profits in addition to taking his interest as a money-lender; while, in view of the financial service rendered to his customer, the manufacturer can take up contracts on terms convenient and profitable to himself.

It will be seen, therefore, that there are two forms which the financing of export business may take, both of which have been cleverly and systematically developed by our foreign competitors. One is the lending of money direct to the manufacturer to enable him to carry out a contract for which unaided he has not adequate resources, and for which he either cannot give sufficiently long credit, or perhaps has not the means to meet his wages bill and pay for materials during the period required for the execution of the contract. The second is the lending of money to the manufacturer's potential customer in order to tie the latter to him regardless of other business considerations, such as quality, price, etc.

CHAPTER XXII

BILLS OF EXCHANGE

ELABORATE machinery for obtaining payment—Drafts, remittances and C.O.D. payments—An objection to direct remittances—Hypothecation of shipping documents—Letters of hypothecation—Advances on bills of exchange—Accepted bills provide legal proof of debt—Statutory definition of a bill of exchange—Form of draft for acceptance—Indorsement of a bill—Acceptance for honour—Payment by return drafts—Interest on bills—"Protesting" a bill—Various terms of bills—Courtesy phrases destroy the negotiability of a draft—Stamp duties.

TURNING to a consideration of the methods by which the exporter can obtain payment for his goods, we are confronted by an elaborate machinery which requires an expert knowledge and understanding to employ most advantageously. Previous references in these pages to bills and drafts will doubtless have been understood in a general way by the average business man, but a briefly detailed description of what constitutes a bill of exchange, and of the manner in which it is used as a financial instrument in connection with export operations, will probably be of assistance to many.

To the shipper a bill of exchange represents more than a method of obtaining payment from his customer abroad; it offers a means of raising a loan on the security of the goods pending receipt of payment. Apart from this method of obtaining payment there is only that of direct remittance, or the employment of shipping and forwarding agents to collect the amount payable against delivery of the goods. Neither of these alternatives permits of the shipper receiving cash on shipping the goods, while the second leaves the consignee free, in the absence of previous payment of a deposit, to refuse to take delivery if the market has gone against him, or if he finds money tight at the moment.

Advances on Bills of Exchange.

The process by which a shipper obtains an advance from his bank on a consignment of goods is known as hypothecating the shipping documents. He first draws a set of bills for acceptance by the consignee, and deposits them with the bank, also handing over the invoice of the goods, the insurance policy taken out upon them, and the bill of lading—in fact, the proofs of ownership. With these documents he is often required to include a "letter of hypothecation," the form for which can be obtained from the bank, and which is simply an authorisation for the bank to deliver up the documents only when the bill of exchange has been honoured, or, in the event of it being dishonoured, to dispose of the goods for the benefit of the shipper after deducting the amount due on the bill. By an arrangement of this kind a reputable shipper can always get an advance of 80 per cent. or more of the value of a consignment.

Draft Terms Desirable.

Even when a shipper does not desire an advance on a consignment, it is still recognised that the best method of obtaining payment from customers abroad is by means of bills drawn upon and accepted by them. The consignee who is simply on remittance terms has many temptations to avoid or postpone payment, particularly if rates of exchange or general trade conditions go against him, whereas he is compelled to meet a bill at maturity. Moreover, an accepted bill is generally regarded in courts of law as complete proof of indebtedness, though in its absence such proof can only be given with much trouble by the production of certified accounts and invoices bearing the *visé* of the Consul in the country of shipment. Therefore, the experienced shipper invariably seeks to impose draft terms on his oversea clients—that is, payment by bill acceptance, with the proviso that the importer pays all bank charges.

Definition of B/E.

A bill of exchange is one of the simplest commercial documents in form, though one of the most important in effect. It is described in the British statute governing its use as "an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to, or to the order of, a specified person, or to bearer"—which, as a piece of legal phraseology, is unusually clear and self-explanatory.

Form of B/E.

There is no compulsory form of wording for a bill of exchange, either by law or by custom, but the following may be taken as typical—

"At 60 days' sight of this First of Exchange (second and third unpaid), pay to the order of...*The Drawer*..... (or other person known as The Payee) the sum of .....*One Hundred Pounds*.....value received, and place the same to account as advised.

.....*The Drawer*.....

To.....*The Drawee*.....

.....*Capetown*.....

Acceptance and Indorsement.

The above is a simple form, though it could be made simpler by leaving out the words "value received," which have no significance and are totally unnecessary, though generally inserted. The vital point is that the order to pay is entirely unconditional, and the bill therefore becomes negotiable after acceptance and indorsement by the drawee. A bill is accepted by the drawee writing the word "Accepted" across its face, and adding his signature. It is indorsed simply by the signature of the

drawee on the back, or by such signature with an added instruction to pay a particular person. If a bill is drawn "after sight," the date of acceptance must be inserted to make it operative. A reproduction of a duly accepted foreign bill of exchange is shown on page 129.

Case of Need.

Various clauses may be inserted in a bill of exchange so long as they do not affect its unconditional character as an order to pay. One very frequently used consists of the words, "In case of need apply to Messrs. Blank & Co." This is placed at the bottom left-hand corner, and indicates that the person or firm named will accept the bill to save the honour of the drawer if the drawee refuses to accept it. Another clause may provide for the bill to be met by return drafts on London at a certain rate of interest, in which case it is necessary for the drawer to include such interest in the amount for which the bill is drawn. This is very important, as otherwise a considerable sum per year can easily be lost. For example, if a bill is to mature in three months, and then to be paid by return bill at three months' sight, it will be seen that there will be a loss of probably seven months' interest, reckoning the time required for transmission of the second bill, and this accordingly needs to be provided for in drawing the first bill, while charges for collection, etc., also need to be included.

Noting and Protesting.

It is necessary also to understand the procedure to be followed in case of a bill not being accepted, or in case of it being dishonoured after acceptance. A foreign bill—that is, one drawn for acceptance outside the United Kingdom, or one drawn abroad for acceptance in the United Kingdom—must not only be "noted" by a notary public, but must be "protested" by him. This process consists of the formal presentation of the bill by a notary for acceptance or payment, and on this being refused he makes

x stamp 5/-

No. [redacted] $ [redacted]

London E.C. August 15th 19

Ninety Days after sight of this FIRST of Exchange (second and third of the same tenor and date unpaid) pay to the order of The Velvet Weaving Co. Limited

[redacted]

Value received

To The American Supply Co.
5. Twenty Sixth Street
New York.

For and on behalf of
THE ENGLISH CARPET COMPANY, LTD.

John Jones. Director

S Johnson Secretary

a declaration of the facts and adds his protest against the action of the drawee. At the same time it is necessary to give notice to the drawer and to the last indorser of the bill. The object of "protesting" a bill is simply to provide proof of its presentation and refusal for the purpose of subsequent legal proceedings. A specimen Form of Protest is given on page 131.

Stamp Duties.

Various miscellaneous points also require to be noted in connection with bills of exchange. Among other things, they may be drawn on demand, at sight, after date, after sight, or at usance; those not drawn on demand or at sight are in most countries subject to three days' grace beyond the term of the bill; the word "month" when used in a bill of exchange means a calendar month; and, above all, it is fatal to put in courtesy phrases such as "and oblige yours respectfully" before the signature of the drawer, as such phrases are held to rob the bill of its character as an unconditional order to pay. The stamp duties on bills of exchange are 2d. on amounts up to £10; 3d. on amounts exceeding £10, but not exceeding £25; 6d. on amounts exceeding £25, but not exceeding £50; 9d. on amounts exceeding £50 but not exceeding £75; 1s. when exceeding £75 but not exceeding £100; and 1s. for every additional £100, or part of £100. A stamp duty of 2d. only is imposed on bills drawn payable on demand, at sight, or within three days after sight or date, whatever the amount.

Form of Protest

On this First day of April in the year one thousand nine hundred and twenty-one I, Edward Chambers, Notary Public in the Province of Quebec, in the Dominion of Canada; practising in the City of Montreal, at the request of The Bank of British North America, a banking corporation, having a place of business in the said City of Montreal, did exhibit the original Bill of Exchange, whereof a true copy is above written, unto J. and W. Brown the acceptors thereof at the office of the Bank of Montreal, in the City of Montreal being the particular place where said Bill is payable, and there speaking to one of its clerks did demand payment of the said Bill, unto which demand he answered:

Instructions to refuse.

Wherefore, I, the said Notary at the request of the aforesaid have protested, and by these presents do protest against the Drawers and Acceptors of the said Bill and all other parties thereto, or therein concerned for all exchange, re-exchange, and all costs, damages, and interest, present and to come, for want of payment of the said Bill.

All of which I attest under my signature.

(Protested in duplicate, one whereof remains in my Office, under the number Three thousand and fifteen.

(Signed) EDWARD CHAMBERS.

And afterwards, I, the aforesaid protesting Notary Public, did serve due notice in the form prescribed by law, of the foregoing Protest for non-payment of the Bill thereby protested upon James Robinson & Sons, the drawers thereof, by depositing such notice directed to them at 29 Market Street, London, England, in His Majesty's Post Office, in the City of Montreal, on the Second day of April nineteen hundred and twenty-one and pre-paying the postage thereon.

In Testimony Whereof, I have, on the last mentioned day and year at Montreal aforesaid, signed these presents.

EDWARD CHAMBERS.

CHAPTER XXIII

CREDITS AND TERMS OF PAYMENT IN OVERSEA MARKETS

No rough and ready rule—A long credit system does not denote a weak market—Agriculture at the base of long credit systems—The Russian example—Distance from Europe a factor in regulating bill usance—Terms of usance in various markets—China pays by remittances—Credit problems demand elastic treatment—Illogical policy of some manufacturers—Intelligent and informed discrimination essential in granting credits.

THE credit terms which it is possible to give to importers in different markets provide, as already explained, a much-vexed question. No rough and ready rule can be adopted in regard to them. A market which demands long terms is not necessarily weak financially. On the contrary, it may quite well be that the terms it requires in connection with the payment for its imports are simply based upon, and a reflection of, the credit system prevailing within its own borders. In fact, a study of the subject reveals the deciding factor in most long credit markets to be agriculture.

Long Credit Often Necessary.

It works in this way. In a partially developed agricultural or pastoral country, such as Poland and some of the South American Republics, the farmers who form the principal element of the population are apt to be richer in land and stock than in liquid resources. They have an annual harvest of their crops, and when these are disposed of they obtain practically in one lump sum their annual income. It may or may not be mortgaged, but what disbursements they make in cash are necessarily mainly at that time. Yet they require supplies throughout the year, and the consequence is that the traders who supply them have to give them credit on the security of their

potential crops. That means at least twelve months' credit in many such markets, and what the retailer has to give in this way he, not generally being a capitalist himself, has to obtain from the wholesaler, and thus the demand for long credit finally reaches the importer, who in turn is compelled to look to his oversea exporting connections for facilities which, judged by British standards, seem out of all reason. There, in brief, is the explanation of the long credit terms demanded by more than one substantial market which British shippers have in the past neglected through failure to understand, and lack of facilities for complying with, the requirements in regard to payment for consignments. German houses, on the contrary, have owed much of their success as exporters to their sympathetic understanding of the conditions described, and to their able organisation of means for meeting them.

Effect of Distance on Credit.

In other markets, such as the principal British Dominions, the question of terms of payment resolves itself into nothing more nor less than a matter of distance from Europe, which is the chief factor regulating the usance of bills of exchange, coupled with local distance as affecting speed of distribution of goods, and also local credit customs.

Terms of Credit in Various Markets.

Even so, hard and fast rules cannot be laid down in regard to each importing country. Credits may show wide differences in different branches of trade, and for other reasons the relation between bill usance and the factors mentioned above are not in all cases very apparent. For example, bills drawn on Australian and New Zealand firms vary from sight to 120 days' sight, though the commonest are at 60 days' sight. South African procedure favours 90 days' sight bills, though here again the whole gamut from sight to 120 days' sight is liable to be used. In Central America we find Mexican usance to be 60 days' sight, with

fairly frequent 3 days' sight bills. Among South American countries, Argentina, Brazil, Bolivia, Chili, and Peru make 90 days' sight their usance; Colombia, 30 days' sight; Uruguay and Paraguay, 60 to 90 days; Ecuador, three to six months' credit, followed if necessary by renewal of bills with from 8 to 12 per cent. interest added; and Venezuela trades on a basis of six months' credit, which may be extended to nine months at 6 per cent. interest, though in the drug trade and some other departments nine months' credit is expected without interest. British bills drawn on the United States are mostly at 60 and 90 days' sight. Payment by bills drawn on China is not frequent, the more usual method being by remittances, owing to British firms objecting to the trouble of taking into their reckoning the extreme variations of exchange which occur with that country. In Russia long credits used to be the general rule, and in the machinery trade it was not unusual for Russian buyers to extend their payments over a period of two or three years. Finland pays cash against documents, or against three months' London bankers' draft. Canada is distinctly a short credit market, doing a large amount of business on " cash against documents " terms.

Credit Problems Demand Elastic Treatment.

Needless to say, the foregoing do not represent hard and fast rules, but simply the terms which happen to be most commonly used in the markets mentioned. To be very comprehensive or very exact in an attempt to state the terms of credit prevailing in all parts of the world is an impossibility. Equally impossible is it for the shipper to be absolutely inelastic in dealing with the credit problems which confront him. Those problems should not occur in regard to the granting of credit so much as to whom credit should be allowed. The fault with many British manufacturers, particularly in doing business with markets which are not represented by commission buyers in

England, is that they too often give credit in cases where they should not, and where a very little knowledge such as a reliable local agent should possess would be sufficient to avoid error; while, once they have been bitten, they somewhat foolishly place an entire market under condemnation, and seek to impose unnecessarily severe terms generally. Instead, they should acquire the necessary local knowledge by starting a branch office on the spot, or by employing a local agent. A close study of credit problems is essential in any firm desirous of succeeding in export trade, for any attempt to enforce the same terms in dealing with all oversea markets is by the diversity of conditions prevailing foredoomed to failure; whereas a careful and intelligent discrimination in the matter may easily prove the key to opportunities for doing permanent business of the highest value, and offering a margin of profit such as can never be secured in home trade. Sympathetic treatment of oversea buyers according to the conditions under which they work is the secret of success in most markets, but the conditions referred to must be understood, and not taken too readily for granted.

PART III

QUOTING, PACKING, AND SHIPPING

CHAPTER XXIV

HOW TO QUOTE TO OVERSEA BUYERS

REASONS why export inquiries fail to fructify—The golden rule when quoting—Terms, specifications, etc., must be made easily intelligible—Buyers must be addressed in their own language—Those who speak English do not think in English terms of weights and measures—Technical terms—"Through rates"—Shippers can work out cost of delivery more easily than importers—C.I.F.—"Franco"—"Loco"—F.O.R., F.O.B., and F.A.S.—Exactitude essential in using shipping terms.

THE importance of pursuing correct methods in quoting to export inquiries is far from generally recognised. Many a manufacturer or shipper who is puzzled by the fact that his inquiries do not fructify in the shape of a reasonable proportion of actual orders might find the cause in the way he offers quotations, and this applies not merely to his specific quotations, but to his general preparation of price lists, catalogues, samples, etc.

Why Inquiries Fail to Fructify

Nothing in business experience could be more tantalising after finding the road to the attention of export buyers, and securing their practical interest in the goods offered, than to see that interest fade away without any practical result just as soon as they begin to deal with details of price and shipment. In such circumstances it is surely wise to re-examine critically the selling methods employed at that stage, and not to waste time in railing at representatives, or at the journals carrying the advertisements of the goods, for being unable to influence business.

"Put Yourself in His Place."

The rules to be followed in quoting are certainly simple enough, and it can only be assumed that their frequent neglect is due largely to the fact that they touch conditions which are outside the range of the average home business man's experience. However that may be, it cannot be denied that almost the last lesson usually learned in the course of the customary haphazard education in export methods under that hard schoolmaster Experience is one which should be almost the first, viz., how to quote so as to secure orders.

As a matter of fact, the rules to be followed may all be summed up in one sentence. It is that the seller should endeavour to appreciate and meet the buyer's conditions, requirements, difficulties, and especially his idiosyncrasies. "Put yourself in his place" might be taken as a guiding motto. In following it out the first point for consideration will obviously be how to make terms, prices, and all communications easily intelligible to the buyer. If, for example, he is of foreign nationality, speaking the language of his country, it will be folly to address him in English, widely used as the latter may be in the markets of the world. Indeed, British manufacturers are prone to place far too much reliance on the admitted universality of their mother tongue, and, heresy as it may seem, it might in some respects be better for them if their language were in less general use outside the British Isles, inasmuch as they would then be compelled to do export business on more cosmopolitan linguistic lines.

Use the Buyer's Own Language.

But, it may be argued, if English is so widely understood, the need for translating communications with buyers in foreign countries cannot be very great. No fallacy could be more complete. There are thousands of buyers in all parts of the world who do not understand English, while

among the rest no man, however expert, can be thoroughly at home in any except his own language. Moreover, even among foreigners well acquainted with the English language there is not usually to be found any great familiarity with British money values, weights and measures, and they are not unnaturally apt to shirk the laborious task of converting sterling and Imperial units into their local currencies; while, of course, even a temptingly low quotation loses its force of appeal when it does not hit the eye and the intelligence of the buyer with immediate certainty and clearness. Technical terms, again, frequently have to be used in business communications and catalogues, and, unless these are given in the language of the buyer, the latter will probably be at a complete loss to understand them, such terms being seldom or never found in ordinary dictionaries. Above all, there is the pleasing compliment to the foreigner who is always addressed in his own language, a factor which counts for more than might be imagined, especially in Latin American markets, where the people are usually very sensitive on this point. It is obvious, therefore, that any export salesman who translates all communications, lists, etc., intended for foreign buyers must score enormously over his less thoughtful and painstaking competitors.

Quote "Through Rates."

So much for the language question, but there is another, and scarcely less important, factor to be employed in order to smooth the way for the buyer, and thereby to tempt him to accept a particular offer or quotation. That factor consists of quoting "through rates" to the buyer's door, or at least to his nearest port, instead of leaving him to work out the total cost of freight, Customs and port dues, railway rates, insurance, etc., and adding the amount to a quotation ex factory, or quoting merely to include delivery at the docks for shipment. This may seem to involve a great

deal of labour, but the acquisition of the necessary information should present no difficulties to an experienced shipping clerk, and should form part of the ordinary routine of any properly conducted shipping department. In fact, the shipper should be in a better position than the importer to discover or work out means of saving time and charges on a consignment, for he is at the centre of distribution, and should be in close touch with every fluctuation of the freight market, and with the head offices of shipping companies, etc. The value to the buyer of a through quotation must be clear. Imagine him with several competitive offers before him, and in doubt as to the exact amount to be allowed for freight, railage, Customs duties, or insurance. If one of the quotations covers all these he is likely to settle the matter by accepting it without further comparison of prices.

Methods of Quoting.

In quoting for export a number of terms are in common use, the exact meaning of which should be thoroughly understood, otherwise either the shipper or the importer may find himself in the toils of an adverse bargain. For example, C.I.F., which means cost, insurance, and freight, should not be taken as meaning completely free through delivery, as is often ignorantly assumed. Its literal meaning is the only one permissible, and that simply carries the goods to the port of delivery, and does not cover import dues and railage or other transport after unloading. Variants of C.I.F. are C.I.F.C.I., or cost, insurance, freight, commission and interest, or C.I.F.C., which does not include interest. Complete free through delivery is designated by the term " Franco," and covers the goods to the consignee's very door. Again, C. & F. signifies only costs as far as the ship's hold, and freight to the port of destination, insurance being excepted from the reckoning. The use of the term " Loco " means that the quotation merely covers the actual price of the goods without packing or carriage

from the warehouse or factory where they lie. F.O.R., or "free on rail," signifies that the only charges included in a quotation are the cost, packing, collection, and transport to the railway at the shipper's end. F.O.B. covers the charges from the factory to the ship's hold, but excepts freight and insurance. Slightly different is F.A.S., or "free alongside ship," which signifies all the stipulations under F.O.B., with the exception of any charges incurred in loading operations.

The foregoing are the only terms of the kind likely to occur in connection with export quotations and shipping contracts and orders, and they or any others should obviously not be interpreted loosely, but strictly in accordance with their exact and customary meaning. Should any term occur about the meaning of which a doubt is felt, reference should be made to the glossary at the end of this volume. No chances should ever be taken in such matters.

CHAPTER XXV

EXPORT CATALOGUES

AN unintelligently used form of trade promotion—Colourless methods—Manufacturers' over-caution and lack of confidence—A sheep-like policy—So-called experts—Trade buyers influenced by practical information—Importance of good typography—Satisfaction of "business taste"—Clear type and clear statement—Planning and laying out a catalogue—Illustrations—What to leave out—The logic of hard facts—Prices and terms should always be included—Detachable slips for the wholesaler to remove—Fear of giving away information kills salesmanship—Value of catalogues which give useful technical data—Code words—The language question—Help the buyer.

ALTHOUGH the catalogue has been raised to a position of exceptional importance in British selling methods, probably half of our annual expenditure on advertising going in this direction, it is a singular fact that it usually represents our crudest and least intelligent form of trade promotion. It is difficult to understand why this should be, yet it is an incontestable truth. The average manufacturer would unhesitatingly discharge any commercial traveller whose qualifications as a salesman were limited to a respectable appearance and an unassuming way of mentioning to his customers that he represented Messrs. So-and-So, that he was open to sell a certain line of goods, and that he would add further particulars if desired. No man ever booked an order by colourless methods of that sort, yet the general run of catalogues sent out by British firms keep well within those limitations.

Colourless Methods.

The fault seems to lie partly in manufacturers' lack of confidence and fear of giving information to their competitors, and partly in their failure to give the matter intelligent consideration. They prepare and distribute catalogues in the same spirit in which they do all their advertising, believing that in some way it is the right thing

to do, if only because others also do it. It is a sheep-like policy, and naturally fails.

So-called Experts.

True, in recent years many firms appear to have been influenced by an uneasy feeling that something more is required of them, and, rather than tackle the matter themselves, have grudgingly employed experts to direct their postal canvassing. Now, there are experts and experts. The commonest type is the bright clerk with a gift for slang phrases, who picks up a few printing technicalities by paying for a correspondence course of tuition, and who tries to create a sufficiently impressive atmosphere about himself as a pushful "boomster" by placarding his office with such cheap Yankeeisms as "Do it now," "Get on or get out," "State your business and go," and so on *ad nauseam*. He is a devotee of the "white space" cult; he talks learnedly of "lay-outs"; he labels every business matter as a "proposition"; he has a great enthusiasm for "bed rock," but seldom attains that basic position; and in a general way sparklingly demonstrates how much facile counterfeit for a sound business education may nowadays be obtained on the payment of a few nimble guineas for postal tuition. He is more to be pitied than blamed for his efforts to achieve the salary and position of an expert, but the manufacturer who deputes him to take over the conduct of a sales department is more to be blamed than pitied.

Practical Information Required.

Let every manufacturer grasp the essentials of salesmanship by catalogue—and by every other form of printed advertising—for himself. He will then awaken to the fact that practical information will influence a trade buyer more than hot-air talk, and that good printing is neither more important, nor less important, than suitably smart clothes on a travelling salesman.

Clear Type and Clear Statement.

By all means employ good printing. Shabbiness is poor economy, and always ineffectual. Utilise the psychological effect which results from pleasing the eye, and from presenting facts in clear and convenient form. Let the cover of a catalogue be striking without conveying a bizarre effect too obviously intended to entrap attention. Any title or catch-phrase on the cover, too, should be original enough to arouse interest, without being so extravagant or unbusinesslike as to jar on what, for want of a better term, may be called "business taste." Over-loading either cover or inside pages with matter should also be avoided without sacrificing essential information. Above all, clear type should accompany clear statement, and the type should be so arranged as to produce an open and untiring effect on every page. Do not mix type-faces, but give character and dignity to the production by adhering to one style throughout. In planning any piece of printing remember that the appearance of each page must be considered as well as the whole scheme, and the matter should therefore be designed to fit in detail. White space in margins or elsewhere should be used, but not regarded as a fetish. Avoid long paragraphs, and use either cross headings or marginal headings with freedom, yet not so liberally as to create a patchwork effect. Don't think it clever to get the largest possible number of items into a page. Illustrations should be carefully selected with a view to the space they are to occupy, and those with much detail should not be heavily reduced in size. The blocks should also be adapted to the paper. Half-tones of fine mesh require good art paper, or they will lack contrast, making the dark portions grey and the high lights smudgy. For all other matters connected with typography and arrangement—the dressing of the postal salesman—any good printer will be the best adviser, for he is the real expert. Let him feel that his customer seeks and will

appreciate suggestions and advice, and he will spare no pains to produce a good "job"; but harass him with the half-baked knowledge of so-called experts, and he is not to blame if his interest and effort as a craftsman wane.

Brevity and Completeness.

To come to the vital part of any catalogue, viz., the subject-matter, brevity and completeness are the two main points at which to aim. To achieve those qualities it is almost more important to know what to leave out than what to put in. For example, the age and dignity of a firm are not the reasons why buyers select its products, so leave out personal history. These things can, if necessary, be indicated by skilful inference, but it is usually sufficient to state plainly the date of establishment, and leave it at that. Size of works and number of workpeople employed possess no interest except as proofs of ability to execute orders and ship promptly, and should be mentioned only in connection with a guarantee on that point. Further, no trade buyer is nowadays impressed by meaningless repetitions of superlative adjectives, such as "absolutely the finest," "perfect quality," "*the* best," etc., so don't waste too much space on them.

In fact, when all is said and done, the secret of catalogue composition is to grasp what the potential buyer will want to know before placing an order, and to give him that information in unmistakable, complete and convenient form. Stripped of non-essentials, the inquiry of the buyer will resolve itself into two questions, viz., (1) Are the goods right? (2) Are the prices right?

Illustrations Useful.

The best way of answering the first is to give really descriptive illustrations—some, even when they are photographic reproductions, tell the buyer nothing, or actually mislead him—and to add a terse, detailed statement concerning each article, with mention of any special selling point. In other words, show the goods by pictorial

presentment, and then appeal to the buyer with the logic of hard facts tactfully put. Say nothing which is immaterial or unconvincing; leave nothing out which the buyer will consider essential to know.

Include Prices and Terms.

As regards price—often the essential factor in export trade—it is sheer folly to compel the buyer to make this the subject of special inquiry after seeing the catalogue. In nine cases out of ten he cannot afford to wait weeks for a reply, and in the tenth case he will not trouble, or will have another manufacturer's quotation already before him. Therefore, always include prices, regardless of those subtle considerations which the over-cautious Briton is so prone to allow to influence him. If it is feared that competitors will obtain from the catalogue particulars of prices and under-quote, that is a contingency which cannot be met by the ostrich-like policy of attempting to hide information which is easily available in other ways. If, on the other hand, it is feared that wholesale buyers will object to the publication of factory prices lest their retail clients and the general public should learn too much, that difficulty is met by the careful distribution of catalogues among wholesalers only, with a special stipulation for confidential treatment by the latter; or it may be met by quoting with a large discount included, the terms of such discount being detailed on a detachable slip for the information of the wholesaler only. In any case it should be recognised that the, worst fate that can befall is for the catalogues to result in nothing at all, which is precisely what happens when they carry only half a story, omitting the most vital point of all, to buyers in distant markets who cannot afford the length of time required for correspondence by mail steamers engaged on routes requiring a month or more to cover each way. Full prices, discounts, shipping terms and specifications are essential to make a catalogue of practical value.

Timid Salesmanship Never Succeeds.

This fear of giving away information operates adversely against British interests in more connections than the withholding of prices. In the machinery trade this tendency is especially apparent, and important selling points in regard to the way in which economy and efficiency are provided in a particular machine are in numerous cases left unmentioned rather than run the risk of teaching competitors how to improve their designs and practice. Nothing could be more futile. Timid salesmanship never succeeds, and the more that engineers and industrialists abroad understand about a machine the more are they likely to appreciate and buy it. There are no secret processes and designs in commercial engineering nowadays, let old-fashioned firms hug the delusion to their bosoms never so fondly. Therefore, the common-sense method is to lay down all the cards on the table with a convincing and confidence-compelling manner, trusting to priority and enterprising salesmanship to bar the way to imitators. It has to be remembered that in distant markets engineers cannot always be *au fait* with the latest improvements, and keenly appreciate any source of technical information, such as a catalogue can easily provide. In fact, this is a point of which American manufacturers very eagerly make the most, and often secure the confidence of oversea engineers by including in their catalogues tabular and other matter relating to capacities, breaking strains, etc., which may even be far from up to date, yet serves its purpose.

Quote "Through Rates."

Not only should prices be given in all catalogues, but through rates should invariably be quoted. It may mean a certain amount of labour to work out the total cost to a buyer's door in an oversea country, including railway, port and Customs charges, freight, insurance, packing, etc., but the manufacturer usually has far more facilities for

doing this than the importer can have, and, anyway, the latter always keenly appreciates the convenience of such quotations.

Code Words.

Code words should also be supplied for every item in a catalogue, and not only so, but for every possible size, variation, quantity, number, and, in the case of machinery, every principal part which may at any time be likely to require replacement. Every facility, in fact, should be provided for buyers to cable emergency orders economically, and without the slightest loophole for costly and annoying mistakes.

Help the Buyer.

Finally, there is the language difficulty to be met. English may be the most widely used commercial language, but it will not serve everywhere. Within the British Empire no alternative is demanded, but in Brazil the only language likely to receive attention is Portuguese, and in all the other South and Central American Republics Spanish is insisted on. Even when a merchant in one of these countries fully understands English he will nevertheless prove very sensitive on the point, and will resent what he will regard as a discourteous snub to his native language if the latter is not used in all correspondence and advertising matter addressed to him. For many markets, notably Egypt and the Levant, the most useful language is French. The best plan is for a separate catalogue to be prepared in each of these languages, and, if the world's markets are to be properly covered, in Japanese and Chinese as well. As an alternative, one catalogue can be published triplicating every statement in English, Spanish, and French.

At the same time, of course, all price quotations and figures of weights, dimensions, capacities, etc., should be accurately translated into the currency of the market or

markets to which the catalogue is to be sent, due allowance being made in stating prices for the average margin of fluctuation in rates of exchange, otherwise considerable losses may easily be suffered. Everything, in fact, which will serve the convenience of the oversea buyer, or will assist his accuracy of judgment by the clearness and fullness of the information laid before him, should receive attention in preparing an export catalogue. It is the one way to ensure results, and may be relied upon to do so even against the fiercest competition.

CHAPTER XXVI

THE ESSENTIAL METRIC SYSTEM

An almost universal system—Great Britain's arbitrary system of weights and measures a hindrance to trade—Great Britain and Russia the only important exceptions—Countries which have adopted the decimal system—English and metric equivalents and tables—Linear, square, and cubic measures—Measures of capacity and weight—Problems in converting English values—The Latin Union—Currency systems summarised—Ready reckoning: An Argentine example—Wisdom of giving metric equivalents in all quotations.

Apropos of quotations, either special or in catalogues, the employment of the metric system of weights, measures, and currency demands attention. Practically the whole world outside the British Isles has adopted that system, while the British foot and pound are not understood abroad, and foreigners find it exceedingly difficult to base calculations on them. Among first-class countries, Russia is alone with Great Britain in refusing to reckon in decimals.

Countries Using the Metric System.

The countries which have fully adopted the system are—

Argentina	Finland	Paraguay
Austria	France	Peru
Belgium	Germany	Poland
Bolivia	Holland	Portugal
Brazil	Honduras	Rumania
Bulgaria	Hungary	Siam
Chili	Italy	Spain
Cuba	Jugo-Slavia	Sweden
Czecho-Slovakia	Latvia	Switzerland
Denmark	Mexico	Uruguay
Ecuador	Montenegro	Venezuela
Esthonia	Norway	

To these must, of course, be added the colonial possessions of Belgium, France, Holland, Italy, and Portugal; while other countries which have partially adopted, or are in process of entirely adopting, the metric system, are—

China	Greece	Panama
Colombia	Guatemala	Salvador
Costa Rica	Japan	Turkey
Egypt	Nicaragua	United States

Even within the British Empire there are places where the metric system is current, Malta and Mauritius providing

two such instances, while Canada, like the United States, has partially adopted it.

British Arbitrary Standards.

It hardly needs argument that the overseas buyer, accustomed to the simple and facile decimal mode of calculation in tens and multiples of ten, finds in the British system a barbarous tangle of arbitrary standards involving abstruse calculations of the most puzzling character. In fact, British quotations are often absolutely incomprehensible to him, and he is driven to neglect them in favour of those of foreign competitors. How, then, is the British manufacturer to make his quotations universally comprehensible? He can only do so by converting English terms and denominations into decimal equivalents, and must tackle the arithmetical problems which, as a salesman, he cannot expect his prospective buyers to undertake.

English and Metric Equivalents.

So far as weights and measures are concerned the problems involved are very much simpler than would appear at first sight, but price quotations are admittedly on a somewhat different footing. Taking linear, square and cubic measurements, we find that the actual knowledge of the metric system required for ordinary commercial purposes can be compressed into a very few items. The metre is the unit throughout, and in line is equivalent to 39·370113 inches; in square to 10·76392 square feet, or 1·19599 square yards; and in cube to 1·307954 cubic yards. Here in brief are the metric tables—

Linear.	Square.
1 millimètre = $\frac{1}{1000}$ mètre	100 sq. centimètres = 1 sq. decimètre
1 centimètre = $\frac{1}{100}$ mètre	100 sq. decimètres = 1 sq. mètre or centiare
1 decimètre = $\frac{1}{10}$ mètre	100 sq. mètres = 1 sq. decamètre
1 mètre	100 sq. decamètres = 1 sq. hectomètre or hectare
	100 sq. hectomètres = 1 sq. kilomètre
	Cubic.
1 dekamètre = 10 mètres	
1 hectomètre = 100 mètres	1,000 cub. centimètres = 1 cub. decimètre
1 kilomètre = 1,000mètres	1,000 cub. decimètres = 1 cub. mètre

The above tables are accurate for all countries using the metric system. For purposes of conversion from English the following equivalents will serve—

Eng. Measures.	Linear.	Square.	Cubic.
1 inch . . .	25·4 millimetres	6·4516 sq. centimètres	16·387 cub. centimètres
1 foot . . .	0·3048 mètre	9·2903 sq. decimètres	0·028317 cub. mètre
1 yard . . .	0·914399 mètre	0·836126 sq. mètre	0·764553 cub. mètre

The tables of measures of capacity and weight are even simpler, the respective units being the litre and the gramme. The useful items for reference are as follow—

Capacity.		Weight.	
1 litre = ——	= 1·759 Im. pt.	1 gramme = ——	= 15·4323 grain
10 litres = 1 decalitre	= 2·19975 gall.	10 grammes = 1 dekagram	= 5·6438 drms.
		10 dekagrams = 1 hectogram	= 3·5274 oz.
10 decalitres = 1 hectolitre	= 21·9975 gall. *or* 2.7496 bsh.	10 hectograms = 1 kilogram	= 2·204622 lb.
		10 kilograms = 1 myriagram	= 1·5747 stones
		10 myriagrams = 1 quintal	= 1·9684 cwt.
		10 quintals = 1 tonne	= 0·9842 ton.
1 Imp. Pint =	5·685 decilitres *or* 0·5685 litre	1 oz. =	28.35 grammes
1 Gallon =	4·546 litres	1 lb. =	0·453952 kilogram
1 Bushel =	36·376 litres	1 cwt. =	50·8 kilograms
		1 ton =	1016 kilograms

With the foregoing tables for reference no one with an elementary knowledge of arithmetic need experience much difficulty in converting English measures of length, capacity, and weight into metric equivalents which will easily be understood in nearly all the countries of the world.

Problems in Converting English Values.

The conversion of English values into foreign equivalents is, however, a somewhat more complicated task, for, unfortunately, there are a variety of value units in existence even in those countries where the metric system has been adopted. Only within the Latin Union, consisting of France, Belgium, Italy, Switzerland, and Greece, is there uniformity, and even these countries have different denominations, such as the franc, lira, and drachma, though all of the same value. Again, in America the

"universal dollar" is universal in name only, ranging in value from 1s. 8d. to 4s. 3d., though the currency systems of Canada and all the republics, from the United States southwards, are constructed on decimal divisions. The fact that one important group, the Latin Union, has a uniform system simplifies the work of converting English quotations for those countries and for their respective colonies into the local equivalents; and as certain other countries—Bulgaria, Rumania, Jugo-Slavia, Spain, and Venezuela—follow the Latin Union, though not belonging to it, matters are still further facilitated for the British manufacturer. The standard units of the members and adherents of the Latin Union are the French franc, the Belgian franc, the Italian lira, the Swiss franc, the Greek drachma, the Bulgarian lev, the Rumanian ley or franc, the Jugo-Slavian dinar, the Spanish peseta and the Venezuelan bolivar, all of which are worth 9.513d. in English currency. Thus a considerable part of the world is covered by a single standard, while among the decimal-using American countries calculations are equally simple when the individual standard units and their English equivalents are ascertained, as may be done by reference to the next chapter, which deals at some length with the world's monetary systems. Take, for example, Argentine currency. The dollar, or peso, is the standard unit, and is valued at 3s. 11.578d. It is divided into 100 centavos, and there, for all practical commercial purposes, is the entire currency system. Five dollars, it will be noted, are valued at 19s. 9.892d., or roughly £1; the centavo is approximately worth ½d. A simple ready reckoner is therefore as follows—

£	s.	d.		*Dollars.*	*Centavos.*
1	0	0	=	5	$4\frac{4}{10}$
	1	0	=		$25\frac{3}{10}$
		1	=		2

Quoting for non-metric using countries is, obviously, a very much more difficult matter, for in each case the reconciliation of an arbitrary foreign system with the arbitrary English system intensifies the arithmetical

problems which have to be solved. Enough has been said, however, to demonstrate that to give all catalogue quotations of weights, measures, and prices in metric as well as English denominations is worth doing in view of the large number of markets in which it would prove a boon of the highest importance to buyers. Moreover, even in non-metric using countries there is likely to exist a sufficient knowledge of the metric system to make it more convenient for the average buyer to convert metric rather than English quotations into his national currency.

CHAPTER XXVII

MONETARY EQUIVALENTS OF ALL COUNTRIES

PRACTICAL keys to commercial calculations—Need for taking current rates of exchange into account—Foreign currency standards with English equivalents in detail.

To give a general description of all the monetary systems in use throughout the world would require a volume in itself, and, moreover, would be of value only to the academic student of the subject. The facts of practical use to the ordinary business man would be hidden in a mass of details which he would seldom or never require. The following tables are, therefore, intended to serve solely as keys to such calculations as may have to be undertaken in preparing quotations, estimates, price lists, catalogues, etc. Always, it should be remembered, they should be read in conjunction with the current rates of exchange as published from day to day in the newspapers.

EUROPE

AUSTRIA.—1 Krone (100 Hellers) = 10d.

£1	= 24 Krones	1s.	= 1 Krone 20 Hellers
2s. 6d.	= 3 Krones	1d.	= 10 Hellers

BELGIUM.—1 Franc = 9½d.

£1	= 25 Francs 20 Cents	1s.	= 1 Franc 26 Cents
2s. 6d.	= 3 Francs 15 Cents	1d.	= 10½ Cents

(*Note:* Same for BELGIAN CONGO.)

BULGARIA.—1 Lev (100 Stotinkis) = 9½d.

£1	= 25 Leva 20 Stotinkis	1s.	= 1 Lev 20 Stotinkis
2s. 6d.	= 3 Leva 15 Stotinkis	1d.	= 10½ Stotinkis

DENMARK.—1 Krone (100 Ores) = 1s. 1½d.

£1	= 18 Krones 20 Ores	1s.	= 91 Ores
2s. 6d.	= 2 Krones 27 Ores	1d.	= 7 Ores

(*Note:* Same for ICELAND.)

FINLAND.—1 Markka (100 Pennis) = 9½d.

£1	= 25 Markkas 20 Pennis	1s.	= 1 Markka 26 Pennis
2s. 6d.	= 3 Markkas 15 Pennis	1d.	= 10½ Pennis

FRANCE.—1 Franc (100 Centimes) = 9½d.

£1 = 25 Francs 20 Cents 1s. = 1 Franc 26 Cents
2s. 6d. = 3 Francs 15 Cents 1d. = 10½ Cents.

GERMANY.—1 Mark (100 Pfennig) = 11½d.

£1 = 20 Marks 40 Pfennig 1s. = 1 Mark 2 Pfennig
2s. 6d. = 2 Marks 55 Pfennig 1d. = 8 Pfennig

GREECE.—1 Drachma (100 Lepta) = 9½d.

£1 = 25 Drachma 20 Lepta 1s. = 1 Drachma 26 Lepta
2s. 6d. = 3 Drachma 15 Lepta 1d. = 10½ Lepta
(*Note:* Same for CRETE.)

HOLLAND.—1 Florin or Guilder (100 Cents) = 1s. 8d.

£1 = 12 Florins 1s. = 60 Cents
2s. 6d. = 1 Florin 50 Cents 1d. = 5 Cents
(*Note:* Same for DUTCH EAST INDIES.)

ITALY.—1 Lira (100 Centesimi) = 9½d.

£1 = 25 Lira 20 Cents 1s. = 1 Lira 26 Cents
2s. 6d. = 3 Lira 15 Cents 1d. = 10½ Cents
(*Note:* Same for TRIPOLI.)

JUGO-SLAVIA.—1 Dinar (100 Paras) = 9½d.

£1 = 25 Dinars 20 Paras 1s. = 1 Dinar 26 Paras
2s. 6d. = 3 Dinars 15 Paras 1d. = 10½ Paras

NORWAY.—1 Kroner (100 Ore) = 1s. 1½d.

£1 = 18 Kroner 20 Ore 1s. = 91 Ore
2s. 6d. = 2 Kroner 27 Ore 1d. = 7½ Ore

PORTUGAL.—1 Milreis (1000 Reis) = 4s. 1d.

£1 = 4 Milreis 928 Reis 1s. = 246 Reis
2s. 6d. = 616 Reis 1d. = 20 Reis
(*Note:* Same for ANGOLA, PORTUGUESE EAST AFRICA, MADEIRA, CAPE VERDE ISLANDS, ST. THOMÉ, and other Portuguese Possessions.)

RUMANIA.—1 Ley or Franc (100 Banis) = 9½d.

£1 = 25 Ley 20 Banis 1s. = 1 Ley 26 Banis
2s. 6d. = 3 Ley 15 Banis 1d. = 10½ Banis

RUSSIA.—1 Rouble (100 Kopecks) = 2s. 1½d.

£1 = 9 Roubles 40 Kopecks 1s. = 47 Kopecks
2s. 6d. = 1 Rouble 17 Kopecks 1d = 4 Kopecks
(*Note:* Not including FINLAND, *q.v.*)

SPAIN.—1 Peseta (100 Centimos) = 9½d.

£1 = 25 Pesetas 20 Cents 1s. = 1 Peseta 26 Cents
2s. 6d. = 3 Pesetas 15 Cents 1d. = 10½ Cents
(*Note:* Same for the CANARY ISLANDS, FERNANDO PO, and other Spanish Possessions.)

SWEDEN.—1 Krone (100 Ore) = 1s. 1¼d.

£1 = 18 Krone 20 Ore 1s. = 91 Ore
2s. 6d. = 2 Krone 27 Ore 1d. = 7 Ore

SWITZERLAND.—1 Franc (100 Cents) = 9½d.

£1 = 25 Francs 20 Cents 1s. = 1 Franc 26 Cents
2s. 6d. = 3 Francs 15 Cents 1d. = 10½ Cents

TURKEY.—1 Lira (100 Piastres) = 18s.

£1 = 1 Lira 11 Piastres 1s. = 5 Piastres 22 Paras
2s. 6d. = 14 Piastres 1d. = 18½ Paras
(*Note :* 40 Paras = 1 Piastre.)

AMERICA

ARGENTINE.—1 Peso (100 Centavos) = 3s. 11½d.

£1 = 5 Pesos 4 Centavos 1s. = 25 Centavos
2s. 6d. = 63 Centavos 1d. = 2 Centavos
(*Note :* The above figures are based on the gold peso. The paper peso, which is the principal circulating medium, is worth only 1s. 9d.)

BOLIVIA.—1 Peso (100 Centavos) = 4s.

£1 = 5 Pesos 4 Centavos 1s. = 25 Centavos
2s. 6d = 63 Centavos 1d. = 2 Centavos

BRAZIL.—1 Milreis (1000 Reis) = 1s. 2d.

£1 = 17 Milreis 14 Reis 1s. = 850·1 Reis
2s. 6d. = 2 Milreis 1252 Reis 1d. = 70·9 Reis

BRITISH GUIANA.—1 Guilder (100 Cents) = 1s. 8d.

£1 = 12 Guilders 1s. = 60 Cents
2s. 6d. = 1 Guilder 50 Cents 1d. = 5 Cents

BRITISH HONDURAS.—Same as UNITED STATES (*q.v.*).

BRITISH WEST INDIES.—Same as UNITED KINGDOM.

CANADA.—1 Dollar (100 Cents) = 4s. 1½d.

£1 = 4 Dollars 85 Cents 1s. = 24 Cents
2s. 6d. = 60½ Cents 1d. = 2 Cents

CHILI.—1 Peso (100 Centavos) = 1s. 4½d.

£1 = 14 Pesos 54 Centavos 1s. = 73 Centavos
2s. 6d. = 1 Peso 82 Centavos 1d. = 6 Centavos

COLOMBIA.—1 Peso (100 Centavos) = 4s. 1½d.

£1 = 4 Pesos 84 Centavos 1s. = 24 Centavos
2s. 6d. = 60 Centavos 1d. = 2 Centavos

COSTA RICA.—1 Colon (100 Cents) = 1s. 11d.

£1 = 10 Colons 43 Cents 1s. = 52 Cents
2s. 6d. = 1 Colon 30 Cents 1d. = 4·Cents

CUBA.—Same as UNITED STATES OF AMERICA (*q.v.*).

ECUADOR.—1 Sucre (100 Centavos = 2s.

£1	= 10 Sucres	1s.	= 50 Centavos
2s. 6d.	= 1 Sucre 25 Centavos	1d.	= 4 Centavos

GUATEMALA.—1 Peso (100 Centavos) = 4s. 1½d.

£1	= 4 Pesos 84 Centavos	1s.	= 24 Centavos
2s. 6d.	= 60 Centavos	1d.	= 2 Centavos

HAYTI.—1 Gourde (100 Cents) = 9½d.

£1	= 25 Gourdes 20 Cents	1s.	= 1 Gourde 26 Cents
2s. 6d.	= 3 Gourdes 15 Cents	1d.	= 10½ Cents

HONDURAS (REPUBLIC OF).—1 Dollar (100 Centavos) = 1s. 7½d.

£1	= 12 Dollars 50 Centavos	1s.	= 62 Centavos
2s. 6d.	= 1 Dollar 56 Centavos	1d.	= 5 Centavos

MEXICO.—1 Peso (100 Centavos) = 1s. 11d.

£1	= 10 Pesos 43 Centavos	1s.	= 52 Centavos
2s. 6d.	= 1 Peso 30 Centavos	1d.	= 4 Centavos

NICARAGUA.—1 Peso (100 Centavos) = 4s. 1½d.

£1	= 4 Pesos 84 Centavos	1s.	= 24 Centavos
2s. 6d.	= 60 Centavos	1d.	= 2 Centavos

PANAMA.—1 Dollar (100 Centavos) = 4s. 1½d.

£1	= 4 Dollars 84 Centavos	1s.	= 24 Centavos
2s. 6d.	= 60 Centavos	1d.	= 2 Centavos

PARAGUAY.—1 Peso (100 Centavos) = 3s. 11½d.

£1	= 5 Pesos 4 Centavos	1s.	= 25 Centavos
2s. 6d.	= 63 Centavos	1d.	= 2 Centavos

PERU.—1 Sol (100 Centavos) = 2s.

£1	= 10 Sols	1s.	= 50 Centavos
2s. 6d.	= 1 Sol 25 Centavos	1d.	= 4 Centavos

PORTO RICO.—1 Dollar (100 Centavos) = 4s. 1½d.

£1	= 4 Dollars 87 Centavos	1s.	= 24 Centavos
2s. 6d.	= 61 Centavos	1d.	= 2 Centavos

SAN SALVADOR.—1 Dollar (100 Centavos) = 4s. 1½d.

£1	= 4 Dollars 84 Centavos	1s.	= 24 Centavos
2s. 6d.	= 60 Centavos	1d.	= 2 Centavos

UNITED STATES.—1 Dollar (100 Cents) = 4s. 1½d.

£1	= 4 Dollars 84 Cents	1s.	= 24 Cents
2s. 6d.	= 60 Cents	1d.	= 2 Cents

URUGUAY.—1 Peso (100 Centavos) = 4s. 3d.

£1	= 4 Pesos 70 Centavos	1s.	= 23½ Centavos
2s. 6d.	= 58½ Centavos	1d.	= 2 Centavos

VENEZUELA.—1 Bolivar (100 Centavos) = 9½d.

£1	= 25 Bolivars 20 Centavos	1s.	= 1 Bolivar 26 Centavos
2s. 6d.	= 3 Bolivars 15 Centavos	1d.	= 10½ Centavos

AFRICA

ABYSSINIA.—1 Dollar (16 Piastres) = 2s.

£1	= 10 Dollars	1s.	= ½ Dollar
2s. 6d.	= 1¼ Dollars	1d.	= ⅛ Piastre

ANGOLA.—Same as PORTUGAL (*q.v.*).

BELGIAN CONGO.—Same as BELGIUM (*q.v.*).

BRITISH SOUTH, EAST, WEST, and CENTRAL AFRICA.—Same as UNITED KINGDOM.
(*Note:* Includes the Union of South Africa, Rhodesia, Nyasaland, Uganda, Nigeria, etc.)

EGYPT.—£ E 1 (100 Piastres) = £1 0s. 6¼d.

£1	= 97½ Piastres	1s.	= 4·87 Piastres
2s. 6d.	= 12 Piastres	1d.	= 0·40 Piastre

MAURITIUS.—1 Rupee (16 Annas) = 1s. 4d.

£1	= 15 Rupees	1s.	= 12 Annas
2s. 6d.	= 1 Rupee 14 Annas	1d.	= 1 Anna

MOROCCO.—FRENCH and SPANISH Currencies (*q.v.*).

PORTUGUESE EAST AFRICA.—Same as PORTUGAL (*q v.*).

TUNIS.—1 Piastre = 6d.

£1	= 40 Piastres	1s.	= 2 Piastres
2s. 6d.	= 5 Piastres	1d.	= 25 Cents.

ASIA

BRITISH INDIA.—1 Rupee (16 Annas) = 1s. 4d.

£1	= 15 Rupees	1s.	= 12 Annas
2s. 6d.	= 1 Rupee 14 Annas	1d.	= 1 Anna

CEYLON.—Same as BRITISH INDIA (*q.v.*).

CHINA.—1 Haikwan or Customs Tael (100 Conderins) = 2s. 7½d.

£1	= 7 Taels 62 Conderins	1s.	= 38 Conderins
2s. 6d.	= 95 Conderins	1d.	= 3 Conderins

JAPAN.—1 Yen (100 Sen) = 2s. 0½d.

£1	= 9 Yen 76 Sen	1s.	= 49 Sen
2s. 6d.	= 1 Yen 22 Sen	1d.	= 4 Sen

PERSIA.—1 Kran (20 Shahis) = 4d.

£1	= 60 Krans	1s.	= 5 Krans
2s. 6d.	= 7 Krans 10 Shahis	1d.	= 5 Shahis

SIAM.—1 Tical (100 Satangs or 4 Salungs) = 1s. 6¾d.

£1	= 13 Ticals 6 Satangs	1s.	= 65 Satangs
2s. 6d.	= 1 Tical 64 Satangs	1d.	= 5 Satangs

CHAPTER XXVIII

INTERNATIONAL WEIGHTS AND MEASURES

ONLY four essential systems—Native systems not used in the shipping business—The short ton—The British Imperial system—The metric system—The Russian system—Russian weights and measures and their English equivalents tabulated—The Japanese system—Tables of Japanese weights and measures and their English equivalents—China's adoption of the Western metric system—Persian weights and measures with English equivalents—Siam now using the Western metric system—Some Siamese native standards—Abyssinia's native and commercial systems—All countries classified according to their systems.

IN regard to weights and measures in commercial use throughout the world, there is much less diversity than in connection with monetary systems. For all practical purposes there are only four systems which the exporter needs to understand. These are the British Imperial system, the metric system, and the Russian and Japanese systems, with Persian and Afghan local customs as additional objects of study, but of little practical interest.

The Short Ton.

Even where the two first-mentioned systems prevail, of course, local custom in many countries keeps alive old native systems, but for commercial purposes these need not be taken into account. There are also a certain number of variations to be noted, as, for example, the short ton, which is very commonly used in South Africa and some other markets, though not at all to the exclusion of the correct ton. The short ton is, as a matter of fact, an instance of nibbling at the convenient metric system, for it consists of exactly 2,000 lb. instead of 2,240 lb., as in the ordinary or long ton. It is divided also into 20 short cwts. of 100 lb. each.

THE BRITISH IMPERIAL SYSTEM

The British Imperial system need not be described in detail. It is in general use in Great Britain, in all British

Dominions and Dependencies, including India, in the United States of America, and in Goa (Portuguese India), where the old Portuguese weights and measures are still current, but are not used in trade with overseas countries.

The Metric System

The metric system has already been discussed at length in Chapter III, and it is unnecessary to elaborate the subject further.

The Russian System

The Russian system needs fuller explanation. The British inch and foot are in use, as is also the metre, the former being used by engineers. Russian weights and measures are, however, used generally. In regard to measures of length the basis is the British yard of 36 inches, and the Russian foot is the same as the British foot, being also divided into 12 inches, which are again subdivided into tenths. The Sagene, equal to 7 feet, is the legal standard. The following tables will be sufficient for commercial purposes—

LINEAR

Russian.		British.
——	= 1 Linia	= $\frac{1}{10}$th Inch
12 Inches	= 1 Foot	= 1 Foot
17½ Linias	= 1 Verschok	= 1¾ Inches
8 Verschoks	= 1 Stopa	= 14 Inches
2 Stopas	= 1 Archine	= 2 Feet 4 Inches
3 Archines	= 1 Sagene	= 7 Feet
500 Sagenes	= 1 Verst	= 1166·6 Yards

SQUARE

Russian.		British.
256 Sq. Verschoks	= 1 Sq. Archine	= 5¾ Sq. Inches
9 Sq. Archines	= 1 Sq. Sagene	= 49 Sq. Feet

1 Sq. Yard = 0·18367 Sq. Sagene.

CUBIC

Russian.		British.
4096 Cu. Verschoks	= 1 Cu. Archine	= 12·7 Cu. Feet
27 Cu. Archines	= 1 Cu. Sagene	= 12·7 Cu. Yards

1 Cubic Yard = 0·0787 Cubic Sagenes, or 2·125 Cubic Archines

CAPACITY (DRY)

Russian.		British.
——	= 1 Garnetz	= 5·774 Pints
2 Garnetz	= 1 Tchetverka	= 1·443 Gallon
4 Tchetverkas	= 1 Tchetverik	= 5·774 Gallons
2 Tchetveriks	= 1 Pajok	= 1 Bush. 3·549 Gall.
2 Pajoks	= 1 Osmina	= 2 Bush. 7·099 Gall.
2 Osminas	= 1 Tchetvert	= 5 Bush. 6·198 Gall.

1 Gallon = 1·385 Garnetz., 1 Bushel = 1·385 Tchetverik

CAPACITY (LIQUID)

Russian.		British.
——	= 1 Tcharka	= 0·216 Pints
5 Tcharkas	= 1 Bottle	= 1·082 Pints
2 Bottles	= 1 Schtoff	= 2·164 Pints
10 Schtoffs	= 1 Vedro	= 2·705 Gallons

1 Pint = 4·617 Tcharkas. 1 Quart = 9·235 Tcharkas.
1 Gallon = 3 Schtoffs 6·94 Tcharkas.

WEIGHT

Russian.		British.
96 Dolis	= 1 Zolotnik	= 65·830 Grains
3 Zolotniks	= 1 Lotti	= 197·490 Grains
32 Lottis	= 1 Funt or Pound	= 0·902 lb.
40 Funts	= 1 Pood	= 36·112 lb.
10 Poods	= 1 Berkovetz	= 3 cwt. 25·127 lb.

1 oz. = 6·645 Zolotniks. 1 lb. = 1·107 Funts.
1 cwt. = 3·104 Poods. 1 ton = 62·088 Poods.

The Japanese System

The Japanese system is essentially a metric one, though based on native units which do not in any way correspond to those of the Western metric system. The chief unit of length is the Shaku, of capacity the Sho, and of weight the Kin. The following tables will be found sufficient for ordinary calculations—

LINEAR

Japanese.		British.	Metric.
——	1 Sun	= 1·193 In. =	3·03 Centimetres
10 Sun	= 1 Shaku	= 11·930 In. =	0·3 Metre
10 Shaku	= 1 Jô	= 119·303 In. =	3·03 Metres
6 Shaku	= 1 Ken	= 71·582 In. =	1·81 Metres
60 Ken	= 1 Chô	= 357·91 Ft. =	109·09 Metres
36 Chô	= 1 Ri	= 4294·92 Yd. =	3·927 Kilometres

1 n. = 0·838 Sun. 1 Ft. = 1·005 Shaku.
1 Yard = 3·017 Shaku.

SQUARE

Japanese.		British.	Metric.
——	1 Sq. Shaku	= 0·988 Sq. Ft. =	9·18 Sq. Centimetres
36 Sq. Shaku	= 1 Tsubo	= 3·953 Sq. Yd. =	3·305 Sq. Metres
1 Sq. Inch	= 0·702 Sq. Sun.	1 Sq. Ft. =	1·011 Sq. Shaku.

1 Sq. Yd. = 0·252 Sq. Tsubo.

CUBIC

1 Cu. Inch = 0·588 Cu. Sun. 1 Cu. Foot = 1·017 Cu. Shaku.

CAPACITY

Japanese.		British.		Metric.
10 Sho	= 1 Shaku	= 0·031 Pts.	=	0·018 Litres
10 Shaku	= 1 Gô	= 0·317 Pts.	=	0·180 Litres
10 Gô	= 1 Shoô	= 1·587 Qt.	=	1·803 Litres
10 Shoô	= 1 To	= 3·968 Gall.	=	18·039 Litres
10 To	= 1 Koku	= 39·681 Gall.	=	180·390 Litres
		or 4·9601 Bush.		

1 Pint = 3·148 Gô. 1 Gallon = 2·518 Sho.

WEIGHT

Japanese.		British.		Metric.
10 Rin	= 1 Fun	= 5·797 Gn.	=	0·375 Grammes
10 Fun	= 1 Momme	= 57·971 Gn.	=	3·756 Grammes
100 Momme	= 1 Hiyaku-me	= 5797·198 Gn.	=	375·652 Grammes
160 Momme	= 1 Kin	= 1·325 lb.	=	6·01 Hectograms
100 Kin	= 1 Hiyak-kin	= 132·507 lb.	=	60·103 Kilograms
1000 Momme	= 1 Kwam-me	= 8·281 lb.	=	3·756 Kilograms

1 Grain = 17·249 Mo. 1 lb. = 0·1207 Kwam-me.

1 cwt. = 13·523 Kwam-me. 1 Ton = 270·475 Kwam-me.

China, Persia, Siam, and Abyssinia

China has now adopted the Western metric system, and, fortunately, there is no need for the shipper to that country to attempt the hopeless task of unravelling the old system, or congeries of systems, with their varying units according to locality, trade, etc.

Persia has no uniform system, the weights and measures differing according to locality. The Zer or Guz varies from 25 in. to 44 in., the most generally adopted being 40·95 in. Taking the latter as a standard, the British and Persian equivalents are—

LINEAR

½ Guz	= 20·47 In.	¼ Guz, or Gereh	= 2·55 In.
¼ Guz	= 10·23 In.	⅛ Gereh, or Sirre	= 1·27 In.

CAPACITY.		WEIGHT.	
1 Chenica	= 0·289 Gall.	1 Miscal	= 71 Grains
1 Capicha	= 0·578 Gall.	1 Ratel (100 Miscals)	= 1·014 lb.
1 Collothun	= 1·809 Gall.	1 Batman, or Maund	= 6·491 lb.
1 Artaba	= 1·809 Bush.	1 Karwar (100) Batman)	= 649·142 lb.

The measures of capacity given above are used for dry goods only, liquids being weighed; while the measures of

weight are based on the Tabreez Batman, which is, perhaps, the most used among many.

Siam has adopted the Western metric system, but it may be worth noting that in regard to its own native standards, that of length is the Wa, equal to 80 inches; that of capacity for dry goods is the Thangsut, or Bucket, equal to 1157·4 cub. inches, and for liquids the Thanan, or Coconut Shell, equal to 57·8 cub. inches; and that of weight is the Chang or "Catty," equal to 2·675 lb.

Abyssinia has its own native standards, but, as the principal importers there are Europeans, the British and metric systems will generally be required when quoting. The native standard of length is the Turkish Pike, equal to 27 inches; of capacity for dry goods the Kunna, which equals the gallon, or the Ardeb, equalling 2·329 gallons, and for liquids the Kuba, equal to 1·787 pints; and of weight the Rotolo, equal to 4,800 grains, the Mocha, equalling 480 grains, and the Abyssinian Ounce, which varies from 12 oz. to 18 oz. to 1 lb.

Systems of All Countries

The appended list of countries and their systems will be found useful—

Abyssinia	Native	Canada	British Imp.
Afghanistan	Native	Chili	Metric
Africa, Union of South	British Imp.	China	Metric
Africa, British E.	British Imp.	Colombia	Metric
Africa, British W.	British Imp.	Costa Rica	Metric
Algeria	Metric	Cuba	Metric
Arabia	Metric	Ceylon	British Imp.
Argentine	Metric	Crete	Metric
Australia	British Imp.	Cyprus	Metric
Austria	Metric	Czecho-Slovakia	Metric
Belgium	Metric	Danish West Indies	Metric
Belgian Congo	Metric	Denmark	Metric
Brazil	Metric	Dutch E. Indies	Metric
British Guiana	British Imp.	Ecuador	Metric
British Honduras	British Imp.	Egypt	Metric
British W. Indies	British Imp.	Esthonia	Metric
Bolivia	Metric	Fiji Islands	British Imp
Borneo, Brit. Nth.	British Imp.	Finland	Metric
Bulgaria	Metric	France	Metric
Burmah	British Imp.	Germany	Metric

Goa (Portuguese India)	British Imp. and Old Portuguese
Greece	Metric
Guatemala	Metric
Guiana, British	British Imp.
Hayti	Metric
Holland	Metric
Honduras, British	British Imp.
Honduras, Republic of	Metric
Hungary	Metric
Iceland	Metric
India	British Imp.
Italy	Metric
Japan	Metric (Ind.)
Jugo-Slavia	Metric
Latvia	Metric
Liberia	British Imp.
Madagascar	Metric
Malta	Metric
Mauritius	Metric
Mexico	Metric
Montenegro	Metric
Morocco	Metric and Native
Malay States, Federated	British Imp.
New Guinea, Brit.	British Imp.
New Caledonia	Metric
Newfoundland	British Imp.
New Zealand	British Imp.
Nicaragua	Metric
Norway	Metric
Nyasaland	British Imp.
Papua (British New Guinea)	British Imp.
Paraguay	Metric
Panama	Metric
Persia	Native
Peru	Metric
Philippine Islands	Metric
Poland	Metric
Portugal	Metric
Rhodesia	British Imp.
Rumania	Metric
Russia	Russian
Salvador	Metric
San Domingo	Metric
Siam	Metric
Spain	Metric
Straits Settlem'ts	British Imp.
Sweden	Metric
Switzerland	Metric
Tripoli	Metric
Tunis	Metric and Native
Turkey	Metric
United States of America	British Imp. (Old English measures of capacity)
Uruguay	Metric
Venezuela	Metric

CHAPTER XXIX

SAMPLING

An easy means of wasting money—Charging for samples—Free sampling impossible—Three methods open to manufacturers—Distribution by agents—Sampling through the merchant shippers and buying houses—Direct sampling—West African sample-hunters—*Bonâ fide* buyers should be treated liberally—Samples should be adapted to market requirements.

Connected with the work of preparing quotations for oversea buyers is the question of supplying samples or patterns. It is an equally difficult subject if regarded as a form of promiscuous selling effort similar to the distribution of catalogues, or as an adjunct to quoting in response to definite inquiries.

Money May Easily be Wasted.

Nothing is easier or more foolish than to throw away many pounds every year by indiscriminate liberality in sampling, by bad methods of preparing samples, by ill-judged refusals to sample, and by loss of trade owing to objections to the wholesale substitution which becomes necessary in cases where, as in certain soft and fancy goods departments, rapid changes of pattern make it impossible to execute with precision orders arriving from abroad weeks after a sampled range has been introduced and sold out to buyers nearer home. Happy indeed those trades which are not called upon to do any sampling!

Charging for Samples.

For those who have to treat the subject as an unavoidable problem, the first point which demands consideration is usually the question of charging for samples. Speaking generally, there need be no hesitation in making a charge as a matter of course, the usual rule being to invoice samples at cost. Free sampling is impossible, both because of the enormous field to be covered, and because of the rates of

freights which are often out of all proportion to the actual cost of the articles shipped.

Methods of Sampling.

There are three methods of sampling. One is through an accredited agent, who, having a commission to earn, will see that the samples placed in his hands are so distributed as to influence sales beneficially, or are displayed by him in his own showrooms for inspection by buyers. The second method is through wholesale shipping and buying houses, in which case the manufacturer is dependent on the consciences of the latter and their staff. He will find it difficult to ascertain whether, as in the majority of instances, his samples are accepted for useful distribution among oversea "marks"; or as a good-humoured concession to his importunity, without serious ideas of such distribution; or even for the personal benefit of the buyers and clerks of the London house. Thirdly, there is the method of direct dispatch to importers abroad, which is a thought more wasteful than any other means of pouring profits down a drain. The free sample influences no substantial business man at home or abroad, but it is a joy for ever to West African negroes and others of their kidney, whose immemorial custom it is to pose as traders in order to prey upon manufacturers and shippers of a too-confiding turn of mind. Of the three methods the manufacturer may well be left to take his choice. The first two may result in indents; the third seldom or never.

Treat Bonâ Fide Buyers Liberally.

This warning against wastefulness in the matter of sampling is by no means intended as an exhortation to the opposite extreme of unintelligent meanness. When samples are desired by a *bonâ fide* buyer they should be dispatched without question, and certainly without any ill-advised trimming of the cost of either the articles or the backing. In most cases the total outlay, inclusive of

freight, will be subject to a proportionately insignificant increase by any expenditure incurred in improving the finish and method of presentment of the sample. It is a mere matter of arithmetic that if a sample costs 1s., and the freight on it is 2s., a further 6d. spent on it will not make it relatively much dearer to the recipient, though without the inclusion of the freight it would mean a difference of no less than 50 per cent. That, indeed, is a point to be remembered in all export business. Cheese-paring in production is not worth while so long as the cost of railway and steamship carriage is a heavy item; in fact, the overseas buyer does not look for it so much as he looks for added value in an article to make it better worth while to pay freight on it.

Select Samples with Discrimination.

One other point is worthy of mention in connection with this subject. A request for samples to be sent to an overseas buyer should not be met by the dispatch of an indiscriminate assortment, particularly if the assortment consists of rejected or stale lines for the home trade. Neither should it embrace all the newest and most novel introductions simply because they are new and novel. The invariable complaint of importers is that British manufacturers refuse to study the special tastes and requirements of individual markets, and that criticism must be discreetly met in sampling. A good set of samples may be spoilt in the eyes of a colonial or foreign buyer by one item which is obviously unsuited to the market, but has been thrust in on the off-chance of getting rid of it. No set of samples should ever be shipped unless it has passed in detail the experienced judgment of an expert in regard to suitability quite as much as quality. Not only is a popular home trade line likely to be quite unsuitable for, say, South Africa, but a line which is in demand in Canada or India will probably prove equally wide of the mark, yet there are many manufacturers who think they do their whole

duty, and display complete wisdom, by drawing the necessary dividing line between home and what they are pleased to call export trade requirements, as though the needs of the diverse markets embraced in the latter term could possibly be generalised. As a matter of fact, the line needs to be sharply drawn between the requirements of every market, and the manufacturer who either cannot or will not do this is courting failure by making the samples he offers an advertisement of his ignorance of, or disregard for, the details which happen to be of vital importance to the importer in a particular market.

CHAPTER XXX

PACKING AND MARKING

A FINE art—Expert packers with special equipment—Manufacturers should study the art for themselves—British manufacturers pre-eminent as packers—Bad handling spoils good packing—Precautions necessary against transit dangers—Local prejudices in various markets—How to pack machinery—Space economies—Prevention of leakage of small parts—Protection of screw-threads and bright parts—Building up large cases—Arrangements for Customs inspection—Hardware—The use of barrels—Bindings—Nails—" Knock-down " furniture—China and glassware—Bicycles—Soft goods—Types of bales for various countries—Tin-lined cases—Cost of baling and packing—Plain marking essential.

PACKING goods for export is a fine art, the exigencies of which have called into existence a numerous class of experts who carry on business as packers with special plant and facilities such as few manufacturers possess. To them, therefore, it is wise to entrust any packing for shipment which may be on an extensive scale, or may offer special difficulties. They understand all the fine points by which economies are achieved; they know, or should know, the idiosyncrasies of different markets in regard to styles of packing; and they possess the machinery for such purposes as reducing a bale of soft goods to the absolute minimum, or extracting the last trace of air from an hermetically sealed case.

Slanders on British Packing Methods.

Nevertheless, a manufacturer should possess a working knowledge of these things, otherwise he will be at a serious disadvantage in calculating inclusive prices for oversea customers, in instructing case-makers and packers, and in generally superintending this important branch of his interests.

It is, by the way, a general impression that British manufacturers as a whole are extremely ignorant and careless of this subject, and that they compare badly in their packing

methods with American and German firms. That is most distinctly untrue. Firms of no other nationality pack for export with such consistent excellence as the British, as would be realised by critics if they possessed any wide experience, or followed the adjurations addressed to American and German manufacturers by their consuls in foreign countries. All British firms may not be expert packers, but the faults of the few do not merit the wholesale condemnation so often and so unjustly meted out by those wiseacres to whom the British manufacturer serves as a constant butt. The fact is that many troubles attributed to bad packing are due rather to bad handling and lack of suitable wharf appliances at the ports of destination.

Transit Dangers.

The wise shipper, however, keeps such considerations as the latter in mind, and carefully studies the best means of avoiding the consequences of the faults of others over whom he has no control. He takes into account that at many ports coloured labour is employed in loading and unloading cargo; that at some goods are discharged by lighterage in a rough and open roadstead; that at others surf boats have to be used, and duckings are frequent; and that at others skilful and systematic pilferage is rampant. He studies, too, the prejudices of different peoples, such as the objection shown by the Moors to the use of tarpaulin for waterproofing bales, owing to the fact that animal fat enters into its composition. His chief objectives are security and economy, and these he can secure by the exercise of a reasonable amount of intelligence in applying lessons based on experience—other people's for preference.

How to Pack Machinery.

Obviously, there must be different ways of packing different classes of goods. Small and valuable articles are sent more safely and more cheaply by parcel post,

and may therefore be left out of account here. Machinery is cased or crated according to its size and delicacy, items of large size requiring the case to be built up round them, and at the same time the weight very carefully supported at the correct points of strain—a combination of architectural and engineering skill which can only be assured by the employment of an expert. First, however, the machine intended for shipment should be carefully inspected in all its parts, and tested in operation, as users cannot refer difficulties "back to works" from half-way across the world, nor have they usually the skill and facilities for making alterations and adjustments themselves. Only when the machine is proved to be capable of easy adjustment, and is running perfectly, should it be passed. The next step is to dismount it, partially at least, each part plainly and indelibly marked according to plan so that the oversea buyer may have no difficulty in remounting it, and the parts should then be arranged for packing, either separately or together, in such a way as to economise space to the utmost. Especially should projecting pieces be removed as far as possible, and every effort should be made to keep associated parts together in the same package. Cases of over two tons should be avoided, as special freight and handling charges are usually imposed when that limit is exceeded. All delicate or projecting parts should be given special attention; small pieces, bolts, nuts, screws, etc., should be boxed separately, and the boxes firmly fastened to the inside of the large case, as one of the most frequent causes of trouble is the leakage of such items; tapped and oil holes, and, in fact, all avenues to the internal parts of the machine, should be plugged; screw threads should be protected by wood or oiled rags and cotton waste; and all bright parts should be smeared with an acid-free paint or grease capable of standing a high temperature without melting, which coating, by the way, should be examined at the last moment before closing the case to make sure that it has not been rubbed off at any point.

Cases containing machinery or similar heavy weights should always have exceedingly strong and substantial floors, fitted underneath with two stout longitudinal battens as skids for running on rollers. The floor should consist of transverse planks spiked to these battens. The sides should also be strengthened as much as possible, as a case is often laid sideways with the whole stress in a direction not originally calculated for; yet battens and cross-pieces should not be placed with unintelligent lavishness, for an extra inch added to the dimensions all round may seriously increase the freight charges. Battens should, whenever possible, be placed inside rather than outside. With a view to the possibility of Customs inspection, too, it is advisable to provide a detachable panel, or to use screws rather than nails for fastening at least one side and the top of a case, as otherwise the process of putting together again is likely to be done in slipshod or inexpert fashion with, perhaps, disastrous results.

The Packing of Hardware.

It is, however, in the packing of miscellaneous hardware that mistakes are most common. The fine points of the art take a great deal of acquiring, and manufacturers are apt to have no ideas beyond the ordinary rectangular case, lacking any conception of the virtues, say, of a barrel lined with quilted straw and sacking; or they indulge indiscriminately in the use of hoop iron for binding, regardless of the fact that the short nails necessary for small cases are certain to be made to "jump" under the strain of the stiff bands, whereas twisted wire would serve the purpose admirably, and could be fastened with a few tacks. The locking of a joint by driving nails at opposing angles instead of at right angles is another point which is often ignored. Among other hints it may be mentioned that small boxing previous to casing should be done with wood rather than cardboard whenever possible, and arrangements made for easily removing one item without unpacking an entire case.

Such things as bolts and nuts should never be mixed, but packed and labelled according to sizes. Nails should, for preference, be packed in wooden boxes rather than kegs, as retailers find this method more convenient and tidy. In all cases small boxes should be plainly marked with full particulars at the ends for the convenience of both wholesale dealers and storekeepers.

Furniture, Glassware, etc.

Furniture is generally shipped in "knock-down" form; that is, with the parts disjointed, but so made as to be easily put together by comparatively inexpert labour. In this form the different parts can be packed with most ingenious economies of space in rectangular cases. China and glassware travel best in barrels or casks. Bicycles are usually crated in half-dozens, with handle-bars and other projecting parts removed and firmly fastened to the frames of the machines.

Soft Goods.

Soft goods offer a somewhat different set of problems. According to their character and destination they may be shipped in bales made waterproof by an inner lining of tarpaulin; in cases lined with oil paper; or in tin-lined cases made both air-tight and water-tight. Goods for South America are usually baled in double canvas, with oiled linen and paper linings, and bound with steel strip hoops placed from 12 in. to 18 in. apart according to the size of the bale. For India and China tin-lined cases are the rule, except that certain heavy sheetings and piece goods are sometimes baled in the same way as for the South American markets, the steel bands, however, being replaced by manila ropes. For Egypt and most Mediterranean countries bales of sacking, usually somewhat large, are customary, the weights and sizes reached being as high as two tons and 50 or 60 cubic feet. Needless to say, bales

have to be built up very carefully to be of an even consistency throughout. They are subjected to great pressure in baling presses, and while in the presses the hoop or rope binding is put on. It is advisable to leave them in the presses for some time after binding, otherwise " springing " is apt to occur with unfortunate results in spite of the strongest binding. The cost of baling and packing is generally charged per cubic foot, and may range from 1d. to 4d. per cub. ft. When made up in trusses the superficial measurements are taken.

Goods for packing should always be arranged as nearly as possible in position before the case-maker is called in, as this facilitates his calculation of the final dimensions and the material required.

Plain Marking Essential.

Strict attention should be paid to the marking of bales and cases. In bold stencilled letters on at least two faces of a package should appear the consignee's shipping mark, and the port of destination, with any special marking which may be necessary, such as " In Bond," " Use no hooks," etc. Care given to the work of packing and marking is well expended in the shipping trade, for it not only avoids damage and loss and heavy charges, but it preserves the appearance of the goods, and means satisfied customers and a reputation for reliability.

CHAPTER XXXI

METHODS OF SHIPMENT

SHIPPING instructions—Sailings lists—Choice of vessel according to classification of goods—Railage—"Merchandise Declaration"—Alongside date—Freight notes and bills of lading—Consular and commercial invoices—Certificates of origin—Duplication of invoices—Freight calculations—Dangerous cargo—Shipping companies' special requirements—Customs entries—Insurance.

HAVING completed an order for shipment, the manufacturer's next business is to get the goods shipped. In most cases he will act under instructions from the merchant-shipper or buying agent from whom he received the order.

Shipping Instructions.

Such instructions may be to deliver the goods, properly packed and marked, to a firm of shipping and forwarding agents, who make themselves responsible for placing the goods on shipboard, and also attend to the preparation of the necessary documents; or they may be to deliver direct into the care of the shipowner at the docks. In either case the manufacturer is not the actual shipper, and his duties are limited to nothing more than is involved in an ordinary delivery to a home customer.

Choice of Vessel.

It will be more useful, therefore, to assume that he is making a direct shipment on his own account, and to follow the details of such an operation. His first step must be to obtain particulars of steamship sailings to the port to which the goods are to be consigned. These particulars are contained in "sailings lists" issued periodically by the shipping companies, and it is important, of course, in deciding upon a vessel that it should be scheduled to arrive at least a day or two before the contract date for delivery. It is also necessary to select the vessel according to the

class of goods to be shipped; and the time at disposal for their carriage. For example, it is only advisable to pay mail-boat rates of freight on goods of which the value is sufficiently high to make a difference of freight relatively unimportant, on perishable goods, or on goods in urgent requirement. For "roughs" and most general cargo intermediate vessels, though taking longer than mail boats on the voyage, will usually be speedy enough, and will offer lower rates of freight.

Merchandise Declaration.

The next step is to forward the goods by rail or road to the docks where the vessel lies at berth. At the same time the shipping company must be advised of this by means of a "Merchandise Declaration." The latter is an essential document, the form for which should be obtained in advance from the shipowners. It contains a full declaration of the number of packages, their nature and contents, marking, value, and consignees, with instructions as to insurance. Without this document the shipping company would be unable to ship the goods. The declaration of the value of the goods is necessary in the first place to enable insurance to be effected, and also for Customs purposes.

Alongside Date.

Incidentally, it is advisable to ascertain before dispatch to the docks whether the owners have announced an alongside date—that is, a date on which the vessel will be ready to receive cargo—as in such cases the consignor is likely to be held responsible for demurrage charges if the goods arrive too early, and have to stand in the wagons or be warehoused at the docks. Equally, it is necessary to get the goods alongside in reasonable time before the sailing is due, as otherwise they may be shut out and demurrage charges incurred in that way. In some cases dock companies go so far as to allow goods intended for shipment to remain at the docks for a calendar month,

MERCHANDISE DECLARATION.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY

This Form to be filled up and sent to the Company's Offices, 122, Leadenhall Street, on the day the Packages are forwarded to the Docks for Shipment.

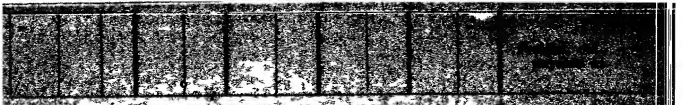
_____ 18__.

The undermentioned Packages of Merchandise have been forwarded to _____DOCK, for Shipment to_____per S.S. "_____" and I declare the contents and value to be as follows:—

MARK OR ADDRESS.	Package.	CONTENTS.	VALUE. £ s. d.

Are the Goods to be Insured? and for what amount?
Are the Packages Tin-Lined? How many Bills of Lading are required?
Is the Specification required by London Customs Authorities for Clearance to be lodged by P. & O. Company?

WEIGHT.			MEASUREMENT						SOLID CONTENTS.		Consigned to:
			Length.		Breadth.		Depth.				
Cwt.	qrs.	lbs.	Feet.	In.	Feet.	In.	Feet.	In.	Feet.	In.	



I further declare that the above-mentioned Packages do not contain [illegible] calcium carbide, rubber solution, or any articles of a dangerous or [illegible]

Signature of Shipper.....

Address.....

Caution to Shippers.—Goods of a Dangerous Nature.—The Peninsular and Oriental Steam Navigation Company [illegible] that they will not receive on board their vessels any Goods of a dangerous or damaging nature. If any such goods [illegible] notice, the shippers will not only be liable to the penalties imposed by Statute, but also for all damages [illegible] such shipment. Shippers will be required to sign a Declaration, that the packages they may offer for [illegible] oils, spirits, calcium carbide, rubber solution, or any articles of a dangerous or damaging character; and the attention of [illegible] passengers is specially directed to the following clauses in the "Merchant Shipping Act, 1894," relative to notice of [illegible]

"A person shall not send or attempt to send by any vessel, British or foreign, and a person not being the master of a [illegible] vessel, shall not carry or attempt to carry in any such vessel, any dangerous goods, without clearly marking [illegible] outside of the package containing the same, and giving written notice of the nature of those goods and of the [illegible] sender or carrier thereof to the master or owner of the vessel at or before the time of sending the same to be shipped [illegible] same on board the vessel.

"If any person fails without reasonable cause to comply with this section, he shall for each offence be liable to a fine not [illegible] One Hundred Pounds; or if he shows that he was merely an agent in the shipment of such goods as aforesaid, and that [illegible] did not suspect, and had no reason to suspect, that the goods shipped by him were of a dangerous nature, [illegible]

"For the purpose of this part of this Act the expression 'Dangerous Goods' means [illegible] gunpowder, lucifer matches, nitro-glycerine, petroleum, any explosives within the meaning of the Explosives [illegible] other goods which are of a dangerous nature.

"A person shall not knowingly send or attempt to send by, or carry or attempt to carry in, any vessel [illegible] dangerous goods under a false description, and shall not falsely describe the sender or carrier thereof, and if he acts [illegible] of this section he shall for each offence be liable to a fine not exceeding Five Hundred Pounds."

*** *The Port of Destination must be distinctly marked on every Package.*

Measurement and Weight of each Package is to be noted on this Declaration.

Royal Albert or Tilbury Dock, as the case may be, information as to which will be found in the Company's Advertisements.

free of rent, but at owner's risk. This, however, is a concession which should only be relied upon after previous inquiry.

Freight Note and B/L.

After receipt of the "Merchandise Declaration," the shipping company forward to the consignor a "Freight Note" and "Bill of Lading." The former is simply a debit note for the freight charges; the latter, as described elsewhere in this volume, is essentially a detailed certificate of shipment. Bills of lading are usually made out in triplicate, and, of the two sent to the consignor, the latter should at once dispatch one to the consignee, accompanied by a careful and accurate invoice, or set of invoices according to Customs and consular requirements, which must be duly ascertained. Such invoices should bear full particulars of sale and shipment of the goods, as the absence of these may possibly render the consignee liable to heavy penalties.

Invoices.

Most of this detail, as already explained, is escaped by the manufacturer who simply ships to the instructions of a merchant or buying agent. He usually receives such instructions in set form, covering the name and address of the shipping company, the name of the ship and loading berth, and the exact marks to be placed on the various packages. He will also forward to the shipper, or as otherwise advised, invoices showing, in ink, all discounts deducted, and bearing the gross weights and measurements of the packages, the indent and order numbers, and a signed statement of the amount, if any, paid for railage to the docks, in order that the proper deduction may be made when reckoning Customs charges. In addition, he must supply such certificates of origin as may be necessary. A specimen of such an advice note is given on page 178.

Manchester.....19.....

Messrs. Willan & Jones.

Send forward your goods to the order of Messrs. Bullard, King & Co.

14 *St. Mary Axe, London, E.C.*

For shipment per s.s. "Jansen," loading in East India Dock, Blackwall, marked :—

124/5 

Capetown.

On no account must other than the above numbers be used.

If more are required, apply to us.

Advise consignees of contents and value and gross weight of each package.

..... *copies of invoice to Manchester. Each copy to have all trade and cash discounts deducted in ink in the same hand or typewriting, and must also state gross weight and measurements of each package. Invoices rendered otherwise will be returned, and supplier held responsible for any loss or fines caused by delay in clearing Customs owing to absence of documents.*

The Order No. and Indent No. must be shown on all invoices, and the invoices must be accompanied by two certificates of origin on the regulation form, stating the net *value.*

Please distinctly note on invoices, alongside the total amount, whether the goods are carriage forward, carriage paid, F.O.B., or F.O.R. only.

If the carriage to port is paid by the suppliers, the amount of such carriage must be stated at the foot of the invoice and certified by the firm's signature. If this is omitted, we shall be compelled to debit you with duty on the amount of the carriage

James Fraser & Co.

It may be mentioned for the benefit of manufacturers inexperienced in export methods that the seemingly unnecessary duplication of invoices demanded by merchants is invariably essential, and the objections sometimes made against complying with instructions on this point merely imply ignorance on the part of the manufacturer, and may easily lead to serious consequences.

Shipping Companies' Special Requirements.

When making shipment of goods the following points should also be remembered—

Freight is always calculated per ton weight or per ton measurement of 40 cubic feet at the discretion of the shipping company, according to which is the more advantageous to them.

Separate gross weights of pieces or packages weighing over two tons must be stated.

Separate weight and value of each package of fine goods and valuables must be stated.

Advice must be given to the shipping company concerning any dangerous cargo. Goods coming under that designation, such as strong acids in glass or earthenware carboys, are in many cases compulsorily treated as deck cargo, and full power is retained by the shipping company to heave them overboard in case of a storm or other cause for apprehension.

When shipping tubes or pipes the separate weights and diameters of each lot of one diameter must be stated to the shipping company.

The number of dozen pints or quarts comprising a consignment of beer should always be stated.

Goods under bond must be entered at the Customs strictly at the time of shipment.

Free goods must be entered at the Customs within six days of the outward entry of the vessel in which they are carried.

Explosives must be specified to the Customs before shipment.

Insurance of goods must be arranged before the sailing of the vessel conveying them.

If at least one bill of lading—two copies by different boats are better—is not dispatched promptly to the consignee, the latter cannot obtain delivery on arrival of the goods.

Certificates of origin and consular invoices should be obtained, legalised by the Consul of the country of destination, and copies dispatched by different mail steamers, with copy of the bill of lading, to the consignees.

PART IV

FREIGHTS, CUSTOMS, AND CONSULAR REQUIREMENTS

CHAPTER XXXII

FREIGHT

FREIGHT defined—When payable—Shipowners' security for freight—Shippers' liabilities—Shipowners' lien for freight—Payment in advance—"Subject to insurance"—"Lump freight"—"Time freight"—W/M quotations—Ton measurement—Freights classification—Rules for calculating freights—A ready reckoner in brief—Primage—"Primage and average accustomed"—Rebates or commission—A debateable system.

FREIGHT, in its narrowest meaning, is the price paid to a shipowner for the ocean carriage of goods from one specific port to another. In its wider meaning it applies to all payments for the carriage of goods or passengers, or for the use of a ship in any way.

When Payable.

Ordinary freight on goods becomes payable on the arrival of the ship at its destination; that is, on the completion of the contract of affreightment. The word "completion" is used in the sense that the shipowner is prepared to deliver—not necessarily that he has delivered—the goods at the place agreed. For example, the shipowner may withhold delivery as security for the freight itself, for demurrage, or for other reasons, but the freight is nevertheless due regardless of such detention. Moreover, it is not necessarily payable after the conclusion of discharging operations, but may be demanded before such commence, or while they are in progress. Even if the goods have been damaged during the voyage freight is still payable on them, and the remedy lies in an action for damages afterwards;

but if the damage destroys the very nature of the goods, it is held that the shipowner has no claim for freight, having failed to deliver that which he contracted to deliver, even though the damaged goods may be saleable for some commercial purpose entirely different from that originally intended. Thus, if a consignment of tinned meat were so damaged as to cause all the tins to become "blown" and the meat rotten, no freight would be due, though the consignee might sell the meat for manure. In cases where, owing to wreck or other causes, the shipowner is compelled to deliver the goods by transhipment, he is entitled to freight, and also where it becomes advisable, owing to partial damage or other reasons, to dispose of goods at an intermediate port, the shipowner is still entitled to payment of freight *pro rata* provided that he can show that he gave the owner an option as to their disposal, and that the contingency was not covered by special contract. In ordinary cases, however, the principle controlling a claim for freight is readiness to deliver the goods at the port agreed upon.

Responsibility for Payment.

The responsibility for payment of freight rests on the shipper, and payments must be made in cash to the shipowner, or to the master or other accredited agent of the shipowner. Only if he expressly stipulates that he is acting as an agent can the actual shipper be relieved of responsibility; or in cases where the shipowner gives credit to the consignee, as by taking a bill from him instead of cash; or when the consignee presents the bill of lading, and it can be shown that the property in the goods has passed to him.

Shipowner's Lien for Freight.

The shipowner has a lien for freight, and may detain goods until payment has been made, but he cannot thus acquire any ownership in them, nor may he sell them in satisfaction of his claim.

Freight in Advance.

Payment of freight in advance may be arranged by special agreement, in which case it remains payable in spite of non-delivery of the goods owing to the loss of the ship or other cause. It may also be paid " subject to insurance," which simply means less the cost of insurance, the duty of insuring, however, being on the shipper or charterer. In charter-parties, also, a clause may be inserted providing for " lump freight," or payment in one sum for the voyage, and not necessarily for delivery of the full cargo if such should be rendered impossible by causes which the shipowner cannot control. " Time freight " may be the subject of another clause, under which payment may be made periodically for the use of a ship.

Weight or Measurement.

Ordinary freight is usually quoted W/M, which means that the shipowner reserves the right to charge per ton weight or per ton measurement, according to which may be more advantageous to him. The ton measurement is based on a standard of 40 cubic feet, and when it is made to apply it is necessary for the shipper to give measurements —strictly outside dimensions—to the shipowner in order that they may be checked on arrival of the goods at the docks.

Practically all shipping companies classify goods under four divisions, with a " special " class in addition. All companies, however, do not issue a detailed list of rates, and it is therefore necessary for the shipper to get a quotation specifying the class in which a particular consignment will be rated.

Calculating Freights.

Incidentally, a few hints may be of use in regard to calculating freights, and checking freight accounts. The relation of the cubic foot to the cwt. in the respective measurement and weight tons will at once be apparent.

With forty of the one and twenty of the other, two cubic feet are obviously the equivalent of 1 cwt. so far as freight calculations are concerned. Therefore, a ready reckoner can easily be compiled with the cubic foot as the unit, and graduated from a half-crown upwards, as follows—

Per Ton Measurement.		*Per Cubic Foot.*	*Per Ton Measurement.*		*Per Cubic Foot.*
80s.	=	2s.	30s.	=	9d.
70s.	=	1s. 9d.	20s.	=	6d.
60s.	=	1s. 6d.	10s.	=	3d.
50s.	=	1s. 3d.	5s.	=	1½d.
40s.	=	1s.	2s. 6d.	=	¾d.

For calculations on the weight basis the above figures merely require to be doubled to give the rates per cwt. The method in most common use in shipping offices to supersede endless sums by rule of three, is to take the 1s. per 1 cub. ft. as the unit, and to work out all calculations from it, as, for example, 73 cub. ft. 8 cub. in. at 47s. 6d. per ton—

73′ 8″ at (40s.)	1s.	=	73·8s.	
73′ 8″ at (5s.)	1½d.	=	9·2s.	*or* ⅛th of 73·8s.
73′ 8″ at (2s. 6d.)	¾d.	=	4·6s.	*or* $\frac{1}{16}$th of 73·8s.
			87·6s.	= £4 7s. 6d.

Five minutes' study will show the above method to be simplicity itself, reducing the labour of checking freight accounts, or working out c.i.f. quotations, to a minimum.

Primage.

Before leaving the subject of freight the terms "Primage" and "Rebates" demand elucidation. The first is simply an addition to the freight charges for the benefit of the shipowner, it originally having been an allowance by the shipper for the use of tackle for loading and unloading. It varies in amount according to custom at different ports, or on different routes. It is also used frequently inserted in bills of lading as part of the phrase "Primage and average accustomed," which means a *pro rata* levy on consignors by a particular ship to cover the cost of wharf dues, pilotage, etc.

Rebates and "Rings."

A rebate, in shipping parlance, is a percentage of freight money returned by the shipowner to the shipper. It is used as an instrument to ensure the loyalty of the shipper to a particular shipping line or group of lines, and is liable to forfeiture if the shipper consigns any goods by a competing line or ship. To be rendered fully effective it is not paid until a period of from six to twelve months after the end of the period for which it is computed, so that the amount thus held in jeopardy represents a very substantial sum at all times in the case of a regular shipper. The shipowner, by the way, usually prefers to call a rebate by the less objectionable term "commission." Many shippers claim that rebates are the weapon of monopolist "rings" of shipowners, but there is something to be said on the other side, inasmuch as the so-called monopolists are by this means enabled to put costly vessels into service, provide regular sailings, and maintain equal freight rates for large and small shippers alike without fear of spasmodic competition and the accompanying evils of extensive freight fluctuations on the route served; whereas, without such an arrangement, they would inevitably be called upon to offer rates for large shippers on a special scale that would shut many small shippers and importers out of the market.

CHAPTER XXXIII

CHARTER-PARTIES

WHAT a charter-party is—A plain hiring agreement—Obligations imposed on the shipowner—The charterer's duties—Special clauses—" Full and complete cargo "—Broken stowage—Shipowners' liabilities—Statutory exceptions—Negligence clauses—The " cesser clause "—Basis of legal interpretations—" Voyage charters "—" Time charters "—A " clean " charter-party—Stamp duty.

A CHARTER-PARTY is a legal instrument in which the export manufacturer's interest may be taken as more generally theoretical than practical. It is an agreement between a shipowner on the one hand and a merchant on the other for the hire of an entire ship for the carriage of goods or passengers from and to specified ports; or, less often, for the hire and complete control over a ship. It will be obvious that manufacturers seldom or never have a complete cargo to ship direct, whereas merchant shippers are frequently in a position to monopolise the cargo space of a vessel, particularly if handling coal, bulky produce, etc. Nevertheless, an outline of the nature of a charter-party, and the obligations entailed upon the parties to it, should be of service to all seeking an understanding of export methods. Given an understanding of the constitution of a charter-party, it becomes easier to grasp the principle and details of the bill of lading.

Obligations of Shipowner and Charterer.

In the first place, a charter-party need not be a complicated document, nor need it be couched in any set form. Reduced to a plain hiring agreement, with no special clauses included in it, the obligations it imposes on a shipowner are that he shall provide a seaworthy and properly equipped vessel, he must place the vessel at the disposal of the charterer at the specified port without undue delay, and he must make the required voyage without waste of time or departure from the recognised route.

CHARTER PARTY.

Manchester,_____day of_____19___

B. IT IS THIS DAY MUTUALLY AGREED BETWEEN

of the Good Ship or

Vessel called the

of the measurement of Tons Register, or thereabouts,

and

of Merchant.

THAT the said ship being tight, staunch and strong, and in every way fitted for the Voyage, shall with all convenient speed, sail and proceed to

or as near thereunto as she may safely get, and there load from the factors of the said Merchant a full and complete cargo

which is to be brought to and taken from alongside at Merchant's Risk and Expense, and not exceeding what she can reasonably stow and carry over and above her Tackle, Apparel, Provisions, and Furniture, and being so loaded shall therewith proceed to

or as near thereunto as she may safely get, and deliver the same on being paid freight.

The Act of God, the King's Enemies, Restraint of Princes and Rulers, Fire, Barratry of the Master and Crew, and all and every other dangers and accidents of the Seas, Rivers, and Navigation of whatever Nature and kind soever, during the said voyage always excepted.

FREIGHT to be paid on the right delivery of the cargo.

days to be allowed to the Merchant (if the Ship be not sooner dispatched), for

and days on demurrage over and above the said laying days at £ per day.

A BROKERAGE of per cent. is due by the ship on the signing hereof to

PENALTY for non-performance of this agreement, estimated amount of freight.

Signed by the above-named

in the presence of

The charterer, on his part, has to have the cargo ready for prompt loading on receiving notice from the shipowner that the vessel is on the loading berth; he must follow port customs in loading and unloading, using all due speed in those operations; he may use all cargo space in the ship, but must not put goods on deck unless by custom or special clause; and, of course, he must at the agreed time pay all charges due to the shipowner. These are obligations recognised by the law in the absence of special clauses varying them.

Special Clauses.

Time and experience have, however, brought into existence many such special clauses, and few charter-parties are so simple as that described above. One customary special clause, for example, binds the shipowner to load a "full and complete cargo." Under this stipulation, if the goods are of a kind to occupy less space than the vessel offers, it is obligatory on the charterer to supply additional goods, known as "broken stowage," to fill the space. If, however, the amount of the "full and complete cargo" is specified, the charterer need not load to more than the specified amount in order to fill space, nor need he supply the full amount if less is sufficient to fill the ship mentioned in the charter-party. Also, if the goods are of such light weight as to render ballast necessary the shipowner has the right to ship goods in lieu of ballast, and to earn additional freight on them.

Special clauses also are used to define in detail, or to extend, the shipowner's liability for loss of, or damage to, cargo carried under a charter-party. The shipowner is under common law subject to the same liabilities as a common carrier. That is, he is responsible for all loss or damage except such as may result from an act of God, the King's enemies, or from any cause inherent to the goods themselves. There are also what are known as statutory exceptions, which include loss caused by a compulsory pilot within

the range of such pilot's compulsory duties, loss caused by fire, or loss of precious stones of which the value has not been formally declared by the shipper. Beyond these recognised exceptions it is common for charter-parties also to contain clauses specially inserted covering the shipowner in regard to theft, breakage, stranding, collision, etc., with a further "negligence clause" which operates even when the loss can be shown to have occurred through the action or negligence of the master and crew. A "negligence clause" loses effect, however, if unseaworthiness of the vessel can be proved.

The "Cesser Clause."

Another interesting item usually inserted by special agreement is known as a "cesser clause." Briefly, it relieves the charterer of responsibility, once the goods are loaded, by giving the shipowner a lien on the cargo so that he may satisfy freight claims against the consignees at the port of discharge. The fact that agents frequently charter vessels for oversea principals gives this clause special importance and justice.

Various other special clauses in common use could be cited. The interpretation of clauses in charter-parties by British judges is, however, invariably based on the true intentions of the charterer and shipowner, so far as these can be ascertained from the rest of the agreement.

Voyage and Time Charters.

Roughly, charter-parties may be divided into two classes, viz., "voyage" and "time" charters, the former being for a definite voyage, and the latter for a period during which the vessel is to be worked according to the instructions of the charterer. Most disputes, by the way, arise out of time charters owing to difficulty of defining clearly the more complicated intentions and liabilities of the two parties.

A clean charter-party is one involving no discount

deductions from freight, and no commissions, agency, or other fees.

Stamp Duty.

A charter-party must bear a sixpenny stamp to meet the revenue tax. If an ordinary adhesive stamp is used it should be cancelled with name or initials and date written in legible character on its face.

Much more—indeed, a large volume—might be written in regard to charter-parties, and the legal questions which arise out of their interpretation from time to time. The present object, however, is not to write a legal treatise, but to outline sufficient information to provide a working knowledge of the subject for the ordinary business man, who can then procure expert or legal advice as his circumstances may require.

CHAPTER XXXIV

BILLS OF LADING

A TRIPLE document—"Mate's receipt"—Details included in a bill of lading—Sets of bills—Prompt signature necessary—The stamp duty—Consignees can only obtain delivery on presenting the bill of lading—A quasi-negotiable instrument—"Parts" of a bill—"Payment against documents"—An irrevocable contract—Legal interpretations subject to proven custom—Shippers liable for freight after withdrawing cargo—Claims cannot be deducted from freight.

A BILL of lading may be described as the charter-party of the shipper of consignments of goods as distinct from complete cargoes. It is not, however, to be confused in any way with a charter-party. It is at once the receipt for goods shipped, the certificate of ownership, and a record of the terms of the contract between shipowner and shipper. When goods are placed on board a vessel a "mate's receipt" is usually given, and this is exchanged later for the actual bill of lading signed by the master or the agent for the shipowners. It is important for shippers to understand that acceptance of a bill of lading without protest binds them to its terms.

Principal Features.

Bills of lading vary considerably in form to meet the requirements of different trades, but their principal common feature is a description of the goods comprised in a consignment, including the number of packages, etc. Details of the contents of each package are usually entered in the margin, and not repeated in the body of the bill. When details and weights are unknown it is necessary to insert a qualifying clause to that effect.

Sets of Bills.

It is usual to make out bills of lading in sets of four or more. One is retained by the ship's captain, and the

shipper retains one, while sending a second by the vessel, and a third by post to the consignee. Only one of these, the first to be presented, is effective, the others being automatically rendered void from the date of the presentation of the first.

The shipper customarily obtains a blank form of bill of lading, fills in the details of his consignment, and when these have been checked on behalf of the shipowner, the complete set is prepared and handed over in exchange for the "mate's receipt." For various reasons a bill of lading should be signed within a few hours of shipment of the goods. The shipper pays for the sixpenny stamps which it is legally compulsory to affix to these documents.

A Quasi-negotiable Instrument.

The presentation of the "first" bill of lading by the consignee to the ship's captain is the only means of obtaining possession of the goods. Under no circumstances is a captain justified in handing over goods to a consignee unless the latter presents the bill of lading, as this document is what is termed a quasi-negotiable instrument—that is, it can be transferred by indorsement to a bank or private individual for the purpose of raising money. Before advancing money it is incumbent on the lender to obtain possession of every principal bill forming a set, otherwise his security is vitiated by the possibilty of the goods being delivered to another party holding one of the copies.

Payment Against Documents.

The "parts" of a bill of lading, as the different stamped copies are called, are the documents referred to in the commonly used term "Payment against documents." This is not only a convenient method of making and receiving payment for a shipment, but affords the shipper a means of safeguarding himself. Instead of sending bills of lading to the consignee he sends them to a bank established at the port of destination, with instructions to hand

them over to the consignee in exchange for payment of the amount due on the goods. The consignee is thus compelled to pay for the goods before he can obtain delivery of them.

An Irrevocable Document.

It is unnecessary here to go into all the obligations which may be imposed on both the shipowner and the consignor by varying and adding to the clauses of a bill of lading, but it may be stated that this document forms an irrevocable contract as soon as the goods are shipped, and, like a charter-party, is interpreted in law according to proven mercantile custom, subject to special clauses. Among points worth noting are that the shipper is liable for freight after the bill of lading is signed, even if he withdraws his goods from the ship before sailing; and that in no case can a consignee deduct from the freight payment the value of goods damaged or missing, his only remedy being an action for damages.

CHAPTER XXXV

DEMURRAGE

COMPENSATION for delay in loading and unloading—"Lay days"—"Conditional days"—"Working days"—"Weather working days"—When lay days commence—"Averaging clause"—Responsibilities of holders of bills of lading—"All other conditions as per charter-party"—Liability through another consignee's default—Wider applications of demurrage.

WHEN a charter-party or a bill of lading has been signed, it is an implied part of the contract, even if not expressly stated, that the shipper must use all reasonable diligence in putting his goods on board, and again in taking delivery of them at the port of destination. That is an obligation upheld by law, and if it is not carried out the shipper becomes liable for demurrage — that is, payment in compensation for loss sustained by the detention of the vessel or the occupation of its cargo space to the exclusion of other cargo.

Lay Days.

Apart from this general legal obligation, however, it is the common practice to include in any charter-party a clause stating the precise periods to be allowed for loading and unloading, such periods being known as "lay days." In addition certain further periods are fixed during which the work of loading and unloading may proceed if necessary, and these periods are known as "conditional days" because they are allowed on condition of payment at a certain specified rate, which payment is demurrage. These "days" run consecutively, including Sundays and holidays, except when described in the contract as "working days," which means days on which work is customarily done in the port at which the ship has to be berthed; or "weather working days," which term includes only days on which weather conditions permit work to be done. When such periods are fixed by contract the charterer or

shipper is bound by them regardless of any causes beyond his control, other than the shipowner's own negligence, which may compel him to exceed the time allowed.

When Lay Days Commence.

Unless a particular berth or wharf is designated in the contract for loading or unloading, the lay days commence immediately the ship arrives at the port, and demurrage, if any, must be calculated accordingly. If a particular berth is named in the contract, but is occupied on the arrival of the ship, the lay days do not commence until the berth is available, except in cases where a free berth is specifically guaranteed, in which case the loss must be borne by the charterer. It should be noted, also, that a special "averaging" clause is necessary to enable the charterer or shipper to add together the lay days allowed at both the port of loading and the port of discharge in order to cover days lost at the one by days saved at the other.

The Shipper's Liabilities.

So far the subject has been treated mainly from the point of view of the charterer, but there are also some interesting points, though fewer, affecting the shipper under a bill of lading. True, the charterer is primarily liable for demurrage, but holders of bills of lading may also be responsible under certain conditions, without, however, in any way relieving the charterer of his liability. If, however, a cesser clause is embodied in the charter-party, the holders of bills of lading are alone responsible—at least, in respect of demurrage incurred at the port of discharge, and most cesser clauses are carefully worded to cover the port of loading also. The cesser clause is, briefly, a stipulation that the charterer shall be free of all claims by the shipowner in return for a lien given to the latter on the cargo for such claims.

"Conditions as per Charter-Party."

Another interesting point is that the insertion in a bill of lading of the clause "all other conditions as per charter-party," renders the consignee liable for demurrage at the port of discharge, though not at the port of loading. Nevertheless, a special clause may be inserted making the holder of a bill of lading liable for all demurrage, and consequently for that incurred in loading as well as discharging. Moreover, where one consignee not only incurs demurrage himself, but compels an equal delay on the part of another consignee whose goods are stowed below those of the first, the innocent consignee is held in law to be no less liable for demurrage because it is incurred through another's default, the legal tendency being to place the burden of such unavoidable losses on the cargo rather than on the ship.

Wider Application of Demurrage.

Demurrage also has a wider application than merely to excess of the lay days allowed for loading and unloading. It may be made to cover damages and loss sustained by detention of a ship owing to other causes, even including collision, etc., though the claim in such cases is, of course, not against the holders of bills of lading, but against such person or persons whose act or fault may have caused the detention.

CHAPTER XXXVI

MARINE INSURANCE

MEANS of insuring—Underwriters—Insurance companies—Insurance brokers—Brokerage terms—The proposal "slip"—Drafting a policy—Stamp duties—The "provisional note"—"Open" or "floating" policies—Various methods of insuring—"W.P.A." and "F.P.A."—Definition of "Average"—"All risks" policies—Insurable interest—Double insurance.

IT is hardly necessary to point out to any manufacturer or shipper the necessity for covering all possibilities of loss, whether due to shipwreck, fire, accidental damage or theft, by adequate and suitable insurance of goods consigned to destinations abroad. In no other connection is insurance more essential, for in none are the risks incurred greater.

Insurance Brokers.

Marine insurance is effected either with underwriters at Lloyds, or with insurance companies. The shipper may, and frequently does, employ an insurance broker for this purpose, thus obtaining expert and legally responsible guidance. An insurance broker, in fact, is regarded in law as a particular agent for a particular purpose, and consequently any failure on his part not only deprives him of his right to remuneration, but lays him open to an action for damages. His duties include the submission to the underwriters of the insurance proposal, with all conditions clearly defined; attention to the proper form, stamping, etc., of the policy; and general oversight of the shipper's interests, for which services his remuneration is usually 5 per cent. of the total premium paid. This 5 per cent. is paid by the underwriter, who debits the broker with the amount of the premium less brokerage. In addition, the underwriter allows a discount of 10 per cent. on 95 per cent. of the premium for prompt payment, which discount is

passed on to the shipper by the broker. The latter has a right to one per cent. commission on any claims which the underwriter may subsequently have to pay under the policy in question.

Method of Procedure.

The broker's method of procedure, after receiving instructions from a shipper, is to fill in the details of the proposal on a "slip," which he then submits to an underwriter or underwriters for the purpose of obtaining their quotations. This "slip," bearing the initialled quotations of the underwriters, and the amount which each is willing to take up—a risk may be split up among a dozen or more underwriters—forms the basis of the policy and agreement eventually issued. In some cases a *pro forma* policy is drafted for the approval of the shipper, or the actual policy is prepared by the broker, stamped and signed. In dealing with insurance companies the broker leaves to them the preparation of the policy instead of drafting it himself. The stamp duties on marine insurance policies vary according to the nature of the insurance effected.

Provisional Note.

Pending the preparation of his policy, the shipper may take out what is termed a "provisional note." This is an acknowledgment by the insurer that the shipper is covered against loss to the amount mentioned in the notes, in respect of either one consignment or a variety of shipping operations. The taking out of a provisional note enables the shipper to delay giving detailed particulars of the goods to be insured, but such delay should be as brief as possible, for otherwise it may happen that the goods may be damaged or destroyed after loading, but before the ship sails, with consequent complications in the absence of accepted particulars. The wisest course is to insure from shipper's warehouse to consignee's warehouse, but this is a matter which often rests with the consignee, who may

No. 31

THE MARINE INSURANCE COMPANY, LIMITED,

87 HUDSON STREET,

LONDON, E.C.

No. 57415.

£ 6000 – 0 – 0.

IN CASE OF DAMAGE THE SAME TO BE CERTIFIED BY

Shipments to Rosario held covered at 2/6%

Whereas it hath been proposed to The Marine Insurance Co., Ltd. Henry Jackson and Son

as well in their own name as for and in the name and names of all and every other person or persons to whom the subject matter of this Policy does may or shall appertain in part or in all to make with the said Company the Insurance hereinafter mentioned and described;

NOW THIS POLICY OF INSURANCE WITNESSETH that in consideration of the premises and the promise by the person or persons effecting this Policy to pay to the said Company the sum of Thirty Pounds as a premium at and after the rate of Ten shillings per cent. for such Insurance the said Company promises and agrees with the Insured their Executors Administrators and Assigns to pay and make good all such Losses and Damages hereinafter expressed as may happen to the subject matter of this Policy and may attach to this Policy in respect to the sum of

Six Thousand

passed on to the shipper by the broker. The latter also has a right to one per cent. commission on any claims which the underwriter may subsequently have to pay under the policy in question.

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In estimating particular average claims, the depreciation to be based on the amount found and damaged values excluding the freight and charges payable at destination, and in case of damage the sale of whole parcels will be allowed. Particular average claims to be paid in full irrespective of time between date of arrival and date of survey.

nishing risk of craft

AND the said Company promises and agrees that the Insurance aforesaid shall commence upon the said Freight Goods and Merchandize from the time when the same shall be laden on board the said Ship or Vessel Craft or Boat *as above* and until the said Goods or Merchandize be discharged and safely landed as aforesaid AND that it shall be lawful for the said Ship & Vessel in the Voyage so insured as aforesaid to proceed and sail to and touch and stay and to receive and load Cargoes at Ports or Places, any other Ports or Places *en route* for any purpose whatever and in any rotation without prejudice to this Insurance. AND touching the Adventures and Perils which the said Company is contented to bear and does take upon itself in the Voyage so insured as aforesaid they are of the Seas Men-of-War Fire Enemies Pirates Rovers Thieves Jettisons Letters of Mart and Counter-Mart Surprisals Takings at Sea Arrests Restraints and Detainments of all Kings Princes and People of what nation condition or quality soever Barratry of the Master and Mariners and of all other Perils Losses and Misfortunes that have or shall come to the hurt detriment or damage of the aforesaid subject matter of this insurance or any part thereof including all risks incidental to Steam Navigation especially those arising from accidents to Boilers *and/or Machinery*. AND in case of any loss or Misfortune it shall be lawful to the Insured their Factors Servants and Assigns to Sue Labour and Travel for in and about the Defence Safeguard and recovery of the said insured subject matter of this Insurance or any part thereof without prejudice to this Insurance the charges whereof the said Company will bear in proportion to the sum hereby insured. AND it is expressly declared and agreed that the acts of the Insurer or Insured in recovering saving or preserving the property Insured shall not be considered as a waiver or acceptance of abandonment. AND it is declared and agreed that Corn, Fish, Salt, Saltpetre, Fruit, Flour, Rice, Seeds, and *Molasses* shall be and are warranted free from average under Five Pounds per centum unless general or the Ship be stranded, and that Sugar, Tobacco, Hemp, Flax, Skins, and Hides, shall be and are warranted free from average under Three Pounds per centum unless general or the Ship be stranded, such or the like amount of average Salvage and Special Charges to be paid as per Foreign Statement *if so claimed*.

This Policy being issued is London all losses and claims arising hereon are to be recoverable only according to the custom and usages of Lloyds unless otherwise stipulated by the terms of the Policy.

IN WITNESS WHEREOF the said Company has caused this Policy to be signed on its behalf by its duly authorised Agent in that behalf.

LONDON, ... Nov. 11th ..... 19...

Endorsed

S. Simpson Agent and Underwriter.

(1431)—bst. pp. 198 & 199

prove unwilling to pay for more than insurance against sea risks, though one experience of loss from other risks is usually sufficient to enforce the lesson.

"Open" and "Floating" Policies.

There are several forms of policy under marine insurance, including those for one particular consignment; "open" or "floating" policies, providing insurance for a series of shipments by the deposit of a lump sum, the necessary declaration of details being made as each shipment occurs; or under which insurances are affected at different rates, as on both outward and homeward consignments, the differences being adjusted when the amount named in the policy is exhausted.

Insuring "W.P.A." and "F.P.A."

As there are various forms of policy, so there are also several alternative methods of insuring. The two most commonly adopted are "W.P.A.," or "with particular average," and "F.P.A.," or "free from particular average." Some explanation of these terms is necessary. For marine insurance purposes losses are divided into "general" and "particular," the word "average" retaining its original, though otherwise obsolete, meaning of loss at sea, being derived from the Norse word "haf." "General average" refers to such loss or expense as may be incurred for the preservation of ship or cargo, and, being for the benefit of all concerned, is compulsorily borne by all *pro rata*. "Particular average" refers to damage by water independently of any damage to the ship. "Free of particular average," therefore, means that the damage covered is only that arising from fire, wreck, collision, or other accident to the ship, with payments due under "general average" added. If insurance against other risks is desired, the nature of the risks, such as theft, breakage, etc., must be specifically mentioned in the policy. A "W.P.A." policy is sometimes loosely termed an "A.R." or "all risks" policy, but it

cannot be too clearly understood that risks other than those described as being included under "particular average" must always be detailed in a special clause. "W.P.A." insurance is generally adopted when a consignment consists of goods, such as textiles, likely to suffer from exposure and rough handling, or which are not contained in a package capable of keeping out water. "F.P.A." rates are much lower than those for "W.P.A.," and are commonly adopted for goods of a nature unlikely to be affected seriously by sea-water or small accidents.

Insurable Interest—Double Insurance.

Among other points to be noted in connection with marine insurance is that a policy can only be legally enforced by a person having an insurable interest in a ship or cargo; that is, a proprietary right or a definite expectation of profit on the sale of the goods, freight earned, etc. Anything in the shape of an insurance gamble is not recognised by law. If by chance double insurance is effected, as when both shipper and consignee take out policies without knowledge of each other's actions, or when doubt arises as to the sufficiency of the amount insured for, and a second policy is taken out, nothing beyond compensation for the actual loss sustained can be recovered, though in some circumstances it is possible to secure the return of excess premiums. Double insurance should not be confused with the separate insuring of two persons' separate and distinct interests in a ship or item of cargo, which may also be legally done, and compensation for loss recovered, in each case.

CHAPTER XXXVII

CONSULAR INVOICES AND CERTIFICATES OF ORIGIN

CONSULAR invoices compulsory for some markets—Accurate drafting essential—General features—No C.I.F. or other inclusive prices—Legalisation of invoices—Where certificates of origin are required—Forms and fees—Detailed requirements of all markets.

WHEN shipping to many foreign countries the preparation of sets of consular invoices is essential, these being required to enable the officials of such countries to ensure the observance of all legal requirements, and to impose the correct Customs and other duties. Portugal, the United States, and most Central and South American Republics are the principal countries requiring these documents.

General Features of Consular Invoices.

Special forms are provided for the purpose, and should be obtained from the Consul of the particular country to which shipment is being made. Too much care cannot be expended in ensuring accuracy when filling in the information required, as errors are punishable by heavy fines. Although varying in details, all consular invoices are alike in bearing a complete invoice of the goods on one side, showing markings, number and description of packages, net and gross weights, values, etc., while on the other side is a declaration, signed by the shipper, to the effect that the particulars given are strictly accurate. In some cases, also, the country of origin of the goods has to be stated. Values should always be entered according to actual cost of manufacture, and should not be c.i.f. or other inclusive prices. When completed, the invoice is certified by the Consul, who is authorised to charge a stated fee for this work. Three or more invoices are usually prepared, and two copies are forwarded separately to the consignee

with bills of lading, and these, it should be understood, are additional to the usual number of commercial invoices required. Three specimens are given for reference.

Certificates of Origin.

Certificates of origin are also required for goods shipped to Canada, South Africa, Australia, and New Zealand, in order to secure the Customs preferences accorded by those Colonies to certain British-made goods; and the same applies to shipments to those foreign countries which accord "most favoured nation" treatment to British goods, the certificates having to be legalised by the Consuls of certain of those countries. Forms of certificates of origin are obtainable from the British Customs authorities on entry of the goods, no fee being charged for single copies, but 2s. 6d. for duplicates. Various chambers of commerce are also authorised to issue these signed by their secretaries, the usual fee being 1s. to members, and 2s. 6d. to non-members. Specimens of certificates required for Canada and South Africa are given on pages 204 and 205.

Requirements of Individual Countries.

The following are in brief the requirements of individual countries—

ARGENTINA.—Three Consular Certificates free. Two plain Bills of Lading for Consul's own use, signed by shipping company; also not less than three stamped B/L must be presented to Consul, and these are returned with one Certificate after legalisation. Fees: For legalising three B/L, 8s.; for each additional B/L, 2s.; Certificates, free.

AUSTRALIA.—Certificate of Origin printed on, or attached to, commercial invoice.

BELGIUM.—None. Commercial invoice only for Customs purposes. Rags and a few other articles, however, require a legalised Certificate of Origin; fee, 2s. 6d.

BOLIVIA.—Four Consular Invoices in Spanish. Consul retains three. Fees: Up to £20 value, 6s. per set; over £20 value, 2 per cent. *ad valorem*; additional copies, 6s.

BRAZIL.—Three C.I. Consul retains two. B/L not legalised. Fees: 6s. 9d. per set, and 4s. 6d. per set B/L (the latter fee usually paid through the shipping company).

(FORM 9.

¶ A Via. **Factura Consular Brasileira. (Brazilian Consular Invoice.)**

N. da Factura_____

Consulado em_____

DECLARAÇÃO (DECLARATION).

Declaramos solemnemente que somos exportadores ou carregadores das mercadorias mencionadas nesta factura contidas nos _____ *volumes indicados, especified in this invoice, contained in the* _____ *packages indicated, a qual é exacta e verdadeira a todos os effeitos, sendo essas mercadorias destinadas ao porto de* _____ *which is in all respects true and exact, this merchandise being destined to the port of do Brasil e consignadas aos Sres* _____ *ao* _____ *Brazil and consigned to Messrs.*

We solemnly declare that we are the exporters or shippers of the merchandise

* _____ *of* _____ *de* _____ *de 19*

† _____

§ _____ *guarantee the authenticity of the above.*

_____ *Agente do Exportador.*

STAMP

with bills of lading, and these, it should be understood, are additional to the usual number of commercial invoices required. Three specimens are given for reference.

Certificates of Origin.

Certificates of origin are also required for goods shipped to Canada, South Africa, Australia, and New Zealand, in order to secure the Customs preferences accorded by those Colonies to certain British-made goods; and the same applies to shipments to those foreign countries which accord "most favoured nation" treatment to British goods, the certificates having to be legalised by the Consuls of certain of those countries. Forms of certificates of origin are obtainable from the British Customs authorities on entry of the goods, no fee being charged for single copies, but 2s. 6d. for duplicates. Various chambers of commerce are also authorised to issue these signed by their secretaries, the usual fee being 1s. to members, and 2s. 6d. to non-members. Specimens of certificates required for Canada and South Africa are given on pages 204 and 205.

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BOLIVIA.—Four Consular Invoices in Spanish. Consul retains three. Fees. Up to £20 value, 6s. per set; over £20 value, 2 per cent. *ad valorem*; additional copies, 6s.

BRAZIL.—Three C.I. Consul retains two. B/L not legalised. Fees: 6s. 9d. per set, and 4s. 6d. per set B/L (the latter fee usually paid through the shipping company).

(FORM 9.

¶ A Via. Factura Consular Brasileira (Brazilian Consular Invoice

Porto do destino da mercadoria
Port of destination of the merchandise

Porto do destino da mercadoria com opção para
Port of destination of the merchandise with option for

Porto do destino da mercadoria em transito para
Port of destination of the merchandise in transit for

Valor total da factura inclusive frete e despezas approximadas £
Total value of the invoice inclusive of approximate freight and charges

Frete e despezas approximadas £
Approximate freight and shipping charges

Agio da moeda do paiz de procedencia
Exchange of the country whence exported

¶ 2, 3, or 4. * Place and Date. † Signature. ‡ Cross out description not used. § I or We.

(1451)—Ed. pp. 202 & 203

FACTURA.

Marcas e Numeros. Marks and Numbers.	Volumes. Packages. Quantidade. Quantity.	Especie. Description	Especificação da mercadoria de conformidade com a nomenclatura official ou com a factura commercial. Specification of the merchandise, in conformity with the official nomenclature or commercial invoice.	Peso em kilogrammos. Weights in kilos. Bruto dos volumes. Gross of the packages.	Liquido dos artigos. Net of the articles.	Valor parcial declarado por artigo inclusive ou exclusive fretes e despezas. Specified values, inclusive or exclusive of freights and charges.	Pais de origem de cada artigo. Country of origin of each article.

LONDON, ENGLAND

CUSTOM-HOUSE INDORSEMENT.*

No._____

Importer _____

Vessel _____

From _____

Arrived _____

Kind of Entry:

Marks, Quantity, and Contents:

* Consular officers will leave all of above indorsement blank. It is to be filled in only at the custom house at the port of entry.

INVOICE.

LONDON, England, ... 19

Invoice of ..... *purchased*

by ....., *of* .....

from ....., *of* .....

to be shipped per .....

Marks, Numbers and Quantities.	Full Description of Goods.	Price per unit	Amount. £	s.	d.	Total Amount. £	s.	d.	Consular Corrections or Remarks.

CONSULAR INVOICE FOR PERU

FACTURA de efectos embarcados por _____ (*Name of Shipper*)

abordo del _____ (*Name of Ship*) de Liverpool, su Capitan _____ por cuenta y

riesgo de _____ (*Name of Consignee*) de _____ (*Name of Port of Destination*)

y consignados _____ de _____

_____ a saber.

MARCA	Nos.	BULTOS		METROS		Contenido	Valor, en Moneda Inglesa			(*Measurement*) Centimetros			(*Weight*) Kilógramos		Origen
		Cantidad	Clase	Cada bulto	Total					L.	B.	D.	Net	Gross	

INVOICE AND CERTIFICATE OF ORIGIN FOR CANADA

London.....19....

GOODS PURCHASED FROM GREAT BRITAIN AND BRITISH COLONIES ENTITLED TO BRITISH PREFERENCE.

Invoice of Books purchased

by.....*of*.....

from

SIR ISAAC PITMAN & SONS,
LIMITED.

PUBLISHERS,

PARKER ST., KINGSWAY, W.C.2

to be shipped per.....*Terms*.....

Marks and Numbers on Packages.	QUANTITIES AND DESCRIPTION OF GOODS.	Country of Origin.	Fair Market Value as sold for Home Consumption.				Selling Price to the Purchaser in Canada.			
			@	£	s.	d.	@	£	s.	d.

I, the undersigned, do hereby certify as follows :—

(1) That I am the exporters of the goods in the within invoice mentioned or described;

(2) That the said invoice is in all respects correct and true;

(3) That the said invoice contains a true and full statement showing the price actually paid or to be paid for the said goods, the actual quantity thereof, and all charges thereon;

(4) That the said invoice also exhibits the fair market value of the said goods at the time and place of their direct exportation to Canada and as when sold at the same time and place in like quantity and condition for home consumption in the principal markets of the country whence exported directly to Canada, without any discount or deduction for cash, or on account of any drawback or bounty, or on account of any royalty actually payable thereon when sold for home consumption but not payable when exported, or on account of the exportation thereof or for any special consideration whatever;

(5) That no different invoice of the goods mentioned in said invoice has been or will be furnished to any one; and

(6) That no arrangement or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser or by any one on behalf of either of them, either by way of discount, rebate, salary, compensation, or in any manner whatsoever other than as shown in the said invoice.

(7) That each article on this invoice is *bona fide* the produce or manufacture of a country entitled in Canada to the benefits of the British Preferential Tariff and specified on the invoice as its Country of Origin, and that each manufactured article on the invoice in its present form ready for export to Canada has been finished by a substantial amount of labour in such country and not less than one-fourth the cost of production of each such article has been produced through the industry of one or more British countries.

Dated at LONDON
this *day of* 19 } *Signature*.....

CERTIFICATE OF ORIGIN FOR SOUTH AFRICA

N.B.—This certificate is printed on the back of the Invoice.

I, _____

hereby certify that I am_____

of Sir Isaac Pitman and Sons, Ltd., the manufacturer(s) / supplier(s) of the articles included in this invoice, and that I am duly authorised to make and sign this certificate on behalf of the said manufacturer(s) / supplier(s) Sir Isaac Pitman and Sons, Ltd.

I have the means of knowing and I do hereby certify that this invoice from the said Sir Isaac Pitman and Sons, Ltd., to _____

_____

amounting to_____

is true and correct, and that all the articles included in the said invoice are *bona fide* the growth, produce, or manufacture of the United Kingdom, and that a substantial portion of the labour of that country has entered into the production of every manufactured article included in the said invoice to the extent of each article of not less than one-fourth of the value of every such article in its present condition, ready for export to South Africa.

_____

Dated_____this_____day of_____19____

CANADA.—Certificate of Origin only, in prescribed form, printed, stamped, or written on invoice. Also declaration of accuracy, and that chief value of goods is not German production. Preferential goods should be packed and invoiced separately.

CHILI.—Five C.I. Two retained by Consul after legalising. B/L must also be legalised. Fees: Up to £40 value, 4s.; over £40 value, £1 per £1,000 *ad valorem*; B/L, 4s. per set; each additional invoice or B/L, 2s.

CHINA.—Commercial invoices only.

COLOMBIA.—Three C.I. for direct shipments; four C.I. for goods requiring transhipment. Must be in Spanish. One copy returned to shipper. Fees: Up to £40 value, £3 12s.; £41 to £100 value, £4 16s.; £101 to £200 value, £6; over £200, £6 per £100 or part of £100 value.

COSTA RICA.—Three C.I. in Spanish. Two retained by Consul. Fees: Collected from consignee.

CUBA.—Four C.I. (five if for Havana) in Spanish. One copy returned to shipper. Fees: Up to £10, free; £11 to £40, 8s. 4d.; over £40, 5d. for every additional £40 or part of £40.

DENMARK.—None. Commercial invoice only for Customs purposes.

DOMINICA.—Five C.I. in Spanish. Four retained by Consul. Fees: Up to £10, 4s.; £11 to £40, 8s.; £41 to £200, 12s.; £201 to £400, 16s.; £401 to £800, £1; over £800, 4s. for every additional £200 or part of £200; B/L, free.

ECUADOR.—Five C.I. in Spanish. Four retained by Consul. Fees: Up to £10 value, 4s.; over £10, 3 per cent. *ad valorem*; B/L, free.

FRANCE.—No C.I. Certificate of Origin in some cases required; free.

GOLD COAST COLONY.—Invoices in duplicate, signed by shipper.

GREECE.—No C.I. Commercial invoices in duplicate, signed by shipper, and legalised with B/L by Consul. Fees: Invoices, 5s.; B/L, free.

GUATEMALA.—Three C.I. in Spanish. Two retained by Consul. Fees: Up to £20, £1 8s.; £21 to £100, £2; £101 to £200, £2 16s.; £201 to £600, £3 4s.; £601 to £1,200, £4; over £1,200, 8s. per additional £200 or part of £200.

HAYTI.—Five C.I. in English or French. Must bear declaration of accuracy in prescribed form. Two returned to shipper (one sealed for delivery to agent at port of transhipment). Fee: 2s. 6d. per set.

HOLLAND.—No C.I. Commercial invoices signed by shipper for Customs purposes.

HONDURAS.—Four C.I. in Spanish. Three retained by Consul. Fees: Up to £5, 4s.; to £20, 8s.; to £100, 16s.; to £200, £1 4s.; over £200, 1s. per additional £20.

INDIA.—Commercial invoices only for Customs purposes.

ITALY.—No C.I. Certificate of Origin in some cases. Fee: C.O., 4s.

JAPAN.—No C.I. Signed commercial invoice for Customs purposes. C.O. in some cases, but need not be legalised.

LIBERIA.—No C.I. Legalised commercial invoice required in triplicate. Fees: Up to £5, 1s.; to £10, 1s. 6d.; to £20, 2s. 6d.; to £40, 5s.; to £100, 10s.; over £100, 15s.

MEXICO.—Four C.I. bearing shipper's signed declaration, and with copy of commercial invoice attached. Three retained by Consul. Fees: Up to £10, 6s.; to £50, 12s.; to £100, 16s.; over £100, 16s. and 5s. per additional £100 or part of £100.

NEW ZEALAND.—C.O. written or printed on invoice, not merely attached.

NICARAGUA.—Six C.I. in Spanish. Three returned by Consul. Fees: Invoices up to £20, 10s.; to £40, 12s.; to £100, £1; to £200, £2; over £200, £2 plus ¼ per cent. additional value; B/L, 8s. per set.

NORWAY.—No C.I. Commercial invoices only, with C.O. in some cases.

PANAMA.—Six C.I. in Spanish. Five retained by Consul. Fees: Nine-tenths of 1 per cent. of value.

PARAGUAY.—Three signed commercial invoices in Spanish. Fee: 8s. per set (including B/L).

PERSIA.—No C.I. B/L should be legalised by Consul. Fee: 6s. per set.

PERU.—Four C.I. in Spanish. Fees: One per cent. of value; additional copies, 4s.

PORTUGAL.—No C.I. Two declarations on prescribed forms. Fee: 10s.

RUMANIA.—No C.I. Commercial invoice only.

RUSSIA.—No C.I. Commercial invoice and C.O. (Pre-war)

SALVADOR.—Four C.I. in Spanish. Three retained by Consul. Fees: Up to £5, 4s.; to £20, 8s.; to £100, 16s.; to £200, £1 4s.; over £200, 1s. per £20 or part of £20.

SIAM.—No C.I. Commercial invoice only.

SPAIN.—No C.I. Commercial invoices and legalised C.O. Fees: C.O., 1s. 8d.

SWEDEN.—No C.I. Commercial invoices only, with C.O. in some cases.

SWITZERLAND.—No C.I. Commercial invoices only.

UNION OF SOUTH AFRICA AND RHODESIA.—C.O. only.

UNITED STATES OF AMERICA.—Three C.I. when port of entry and arrival are the same; four when destination is beyond port of entry. Only required on shipments of over £20 value. Fees: Per set, 10s. 4d.; additional copies, free, or 4s. 2d. each if required after shipment.

URUGUAY.—No C.I. B/L must be legalised. Fee: 4s. 4d.

VENEZUELA.—Four C.I. in Spanish. Fees: Invoices under £40, 8s.; under £160, 16s.; over £160, ½ per cent. *ad valorem*; B/L, 8s.

(*Note*: As the consular requirements frequently change, it is well to make inquiries before the shipment is made.)

CHAPTER XXXVIII

CUSTOMS REQUIREMENTS

British Customs requirements not onerous—Returns for statistical records—The "Export List"—Re-exports—Specification forms—Free and dutiable exports—Excise duty—Drawbacks—Goods subject to drawback—Claims—The "shipping bill"—Goods subject to special restrictions—Customs authorities' power to check returns—The "Customs manifest."

So far as British exporters are concerned, the Customs regulations which have to be observed are neither numerous nor onerous. No export duties have to be paid on goods leaving the United Kingdom, and all that is required, therefore, are returns for the statistical records of the Board of Trade.

British Customs Requirements not Onerous.

Such returns consist merely of detailed quantities and values, and it is compulsory to lodge them within six days of the clearance of the ship. They have, however, to be made out in a definite form in accordance with the terms of the annually published official "Export List," which can be purchased from any stationer who deals in shipping and Customs forms. Incidentally, it should be noted that returns of foreign goods for re-export should also accord with the "Export List" referred to, though on a somewhat different form. Specimens of the necessary forms can be seen at the Customs House at any port, and can be purchased from any law stationer. These forms are described as "Specifications," and the details which have to be entered on them are the name of the ship and ship's master, the date of final clearance of the ship, the marks, numbers, and description of packages, and the quantity, description, value and final destination of the goods. The form for re-exported foreign goods also contains a space for the insertion of the name of the country of origin. The foregoing details having been entered, the signature of the consignor has to be attached, after which the document is counter-signed by an officer of Customs.

(15½)—1

*SPECIFICATION for British and Irish Goods only

Port of_____Ship's Name_____ _____Master, for_____

Date of Final Clearance of Ship_____

* The Specification of Goods exported must be delivered to the proper Officers within six days from the time of the final clearance of the ship, as required by the Customs Laws.

Marks.	Nos.	Number and Description of Packages.	Description of British and Irish Goods in accordance with the requirements of the Official Export List.	Net Weights or Quantities.	Value† (f.o.b.).	Final Destination of the Goods.
				TOTAL VALUE £		

† The "f.o.b.," or free on board, value should be given.

I declare that the particulars set forth above are correctly stated.

Dated_____19_____ (Signed)_____ ‡

(Countersigned) _____

Officer of Customs and Excise.

(Address)_____

‡ Adding Exporter, or Agent, as the case may be.

Exportation Code, Par. 360. Secy. Customs, 14444 1909

Free and Dutiable Exports.

Exports may be divided into two classes, viz., "Free" and "Dutiable." In the United Kingdom, of course, the vast majority of articles come under the former description, the only dutiable goods being those which are Excisable. There is, in fact, no export duty as such, but there are a certain number of articles on which Excise duty is paid at the time they are manufactured or taken out of bond, and on which a refund or "drawback" of the whole or part of such duty becomes due on their shipment out of the country. The same applies to re-exported goods of foreign production which have paid Customs duty when first imported into the United Kingdom. The following are the rates of "drawback": (1) cigars, 9s. 3½d. per lb.; (2) cigarettes, 9s. 1d. per lb.; (3) snuff, 8s. 7d. per lb.; (4) tobacco, 8s. 10d. per lb.; (5) refuse tobacco, 8s. 4½d. per lb.; (6) foreign beer, 50s. 3d. per 36 gallons if of an original gravity of 1055 degrees; (7) roasted coffee, 14s. per 100 lb.; and (8) British-made molasses, 5s. 8½d. per cwt. if for use as a stock food or for distilling spirit. It is the duty of the shipper to claim these drawbacks, and to do this he must produce the goods to the Customs, and lodge proof of their shipment according to his statement of claim. He must lodge his claim before shipment, accompanying it with a "shipping bill," and, if required, produce the bill of lading. A "shipping bill," it may be explained, is simply a document giving particulars of the goods shipped and, in addition to serving in a claim for "drawback," is used for statistical purposes.

Special Restrictions.

There are also certain restrictions imposed on the shipment of a few articles, which require to be noted. The principal of these are that British-made spirits must be shipped in casks of not less than 9 gallons capacity;

tobacco may only be dispatched from an approved Customs port; both explosives and salmon are shipped only in accordance with the provisions of special Acts of Parliament; while arms, ammunition, gunpowder, naval and military stores come under a special restrictive clause.

The Customs Manifest.

It remains only to explain that the Customs authorities have full power to check all particulars given to them in regard to goods cleared outwards by demanding the invoice for them from the shipper, and also the "Customs manifest" from the shipowner for the same purpose, the latter document being a list of all the goods shipped in a particular vessel. A fine of £5 can be imposed on the shipper in respect of each discrepancy discovered.

CHAPTER XXXIX

CONSIGNORS' AND CONSIGNEES' LIABILITY

DISPUTES arising out of war and insurance claims—F.O.B. and C.I.F. contracts—Variations of F.O.B. contracts—C.I.F. contracts do not extend the shipper's liability beyond the point of shipment—Special "Free Harbour" contracts—Consignors' obligations summarised—Non-delivery does not enable consignees to refuse to accept drafts.

ALTHOUGH the manufacturer is not usually the actual shipper, it is advisable for him, and even more so for merchants, commission buyers, etc., to know exactly where the legal liability of the consignor ends, and where that of the consignee begins. Under ordinary conditions the question seldom arises, and remarkably few, therefore, even among those directly interested, have any definite knowledge of the subject, so that, if put to the test, they would have to thrash out their individual theories in a court of law. Only a war, or an insurance dispute under particular conditions, ever brings the matter into the realm of practical politics. Yet without a clear understanding of the extent and limits of his liabilities, the shipper may easily be led into paying undue claims, or into accepting responsibilities which are not rightfully his.

Forms of Contract.

For practical purposes there are only two forms of contract which need to be taken into account, namely F.O.B. and C.I.F. All others are variations which are designed to define special liabilities, and consequently carry their own interpretations.

The F.O.B. Contract.

The F.O.B., or "free on board," contract can hardly be regarded as open to misinterpretation. It places on the consignor the simple duty of delivering the goods on board

ship at an agreed port, free of all charges to the consignee, and at that point the contract is fulfilled, the consignee becoming responsible from the moment that the goods are embarked. This can only be varied by special contract, as in the case of the "free harbour" agreement common in the Bombay trade, under which the seller, or consginor, is responsible for all risks and charges until the goods reach the harbour of destination, when they become the property of the purchaser or consignee.

The C.I.F. Contract.

It is, however, entirely a misconception, though a common one, that the C.I.F., or "cost, insurance, and freight," contract extends the shipper's liability beyond the point of shipment. In actual fact it does nothing more than lay on the shipper the onus of arranging an insurance in favour of the consignee in addition to paying or crediting the cost and freight, having done which his duty is as completely accomplished, and his responsibility as finally concluded, as when he has placed goods "free on board" under the latter form of contract. The fact that he arranges the insurance *in favour of the buyer* demonstrates that the latter is the owner of the goods after they have been placed on shipboard.

Under both F.O.B. and C.I.F. forms of contract the shipper can claim to have made absolute and final delivery as soon as shipment is complete, though, of course, that is open to modification in cases where provision is specially made for the rejection of the goods if not up to the stipulated quality, or for other reasons.

Consignor's Obligations Summarised.

The ruling legal decision on the subject summarises the consignor's obligations as follow: (1) To ship goods of the agreed description at the port of shipment arranged; (2) to procure a contract of affreightment under which

delivery will be made at the duly defined port of destination; (3) to arrange for an insurance on market terms in favour of the importer or consignee; (4) to make out an invoice debiting the consignee with the agreed price, or, in the alternative, with the actual cost, commission, insurance premium, and freight, including credit for such freight as the consignee may have to pay the shipowner on taking delivery; and (5) to tender the necessary documents to the consignee.

In short, it may be taken as established law that when goods shipped on C.I.F. terms are placed on board a suitable vessel, the property in them at once passes to the consignee, the shipper's share of the bargain being absolutely completed. If any loss occurs during the voyage it falls upon the consignee, whose business it is to take the matter up with the underwriters, or with the shipowner. Non-delivery of the goods, therefore, does not free the consignee from his obligation to accept drafts in the usual way on receipt of bill of lading, etc., or to make payment in any other way arranged.

CHAPTER XL

SHIPMENT UNDER BOND

THE original form of bond—Bonded warehouses—Warrants—Transfer of ownership of bonded goods—Access to bonded goods—A limited range of articles affected—Conditions under which drawbacks are allowed—Effect of drawbacks sometimes annulled by other official regulations—A West African example.

THE term "bond" in relation to merchandise needs little explanation, but a few definitions will be of value before proceeding to discuss the subject from the exporter's point of view.

Bonded Goods.

Bonded goods are those which, being liable to a Customs or Excise duty, are placed under official control pending payment of such duty. The actual "bond" was originally the undertaking signed by the owners of the goods to pay the duty on taking possession, but this has been dispensed with since the Customs Consolidation Act, 1853, came into force, the Customs authorities being sufficiently assured of payment without it.

Bonded Warehouses.

A bonded warehouse is one in which such goods are stored, the official description being "any places provided by the Crown, or approved by the Customs Commissioners, for the deposit of goods for the security thereof, and the duties due thereon."

Warrants.

With the goods thus interned under official ward, the visible sign of ownership is the warrant—a special form on which detailed particulars of the goods are entered, and which is signed by the Collector of Customs or other authorised person. On taking the goods out of bond this warrant has to be delivered to the Collector, who, having

certified the receipt, gives to the owner an order on the warehouse-keeper to release the goods.

Throughout the time the goods are in bond the transfer of their ownership may be accomplished as frequently as may be desired by the simple and obvious expedient of transferring the warrant.

The owner may at any time obtain access to the goods in company with an officially appointed watcher, and may repack them, or in any other way prepare them for marketing.

Shipment under Bond.

Shipment under bond is a privilege which affects a very limited range of articles in Great Britain, though, if a widely comprehensive Customs tariff were introduced, coupled with a policy of fostering re-export trade—the merchanting of foreign goods by British shippers—by means of a system of "drawbacks," the privilege would probably at once become of practical importance to manufacturers and merchants in a considerable number of trades.

Drawbacks.

At present export interest in the practice of bonding is chiefly, if not wholly, confined to a few articles, such as British manufactured tobacco, spirits and liqueurs, beer, etc., which are subject to Excise duties. These enjoy certain "drawbacks" if exported, though generally not to anything like the full extent of the duty originally paid. The amount of such concessions is, however, sufficient to be of considerable assistance in competing with similar foreign goods in oversea markets, and distillers, tobacco manufacturers, and others intending to enter the export trade, need to acquaint themselves with the facilities thus offered to them.

In availing themselves of a drawback on duty shippers have to enter into bond to send the goods out of the country, and are liable to severe penalties if, diverting the goods for home disposal, they fail to carry out their bond.

Value of Drawback Sometimes Annulled.

Various interesting points arise in connection with shipment under bond, and it sometimes happens that minor regulations entirely destroy the value of the drawback granted. A typical case came to light as soon as the United Kingdom was drawn into the great European conflict, and British manufacturers and shippers declared war on Germany's trade.

Exporters of gin turned their attention to the derelict German monopoly in West Africa, which had previously not interested them in a practical way, but at once they were confronted by a regulation which unintentionally barred them from the trade far more effectually than any foreign competition could have done.

The case of gin, as everybody knows, is a universal standard of currency among West African natives. The German case contains one-and-a-half gallons, but, for reasons which need not be entered into here, the British shipper under bond is not permitted to export smaller cases than one-and-seven-eighths gallons. Yet the case is a case in the native mind, and stands for neither more nor less, regardless of the volume of its contents, just as a shilling stands at a certain face value of the metal of which it is made. Consequently the British shipper found himself under the necessity of giving one-and-seven-eighth gallons of gin for the price of one-and-a-half gallons, or leaving the trade alone in spite of the fact that German competition had vanished, and the business was a free gift to the first comer.

Doubtless in the authorities' own good time the matter will be adjusted in the obvious way, but officialdom is not prone to move rapidly, and at the time of writing the deadlock still persists.

The foregoing example is quoted to indicate the kind of anomaly that may arise under the necessarily strict and arbitrary rules under which such a system as bonding

has to be carried out, and the moral it conveys to shippers is that such rules and regulations need close scrutiny at all times, and that even those which are only potentially oppressive, as well as those which are actively so, should unfailingly be made the subjects of timely representations to the authorities with a view to their modification and reform.

PART V

GLOSSARY

A1.—First-class. A term used in Lloyd's Register to signify a first-class vessel. The letter A denotes the class in which the hull is scheduled, and the numeral 1 refers to the stores and equipment.

A.a.r.—Against all risks. *See* "A.R."

Abandonment.—Used as a marine insurance term to imply the "constructive total loss" of a vessel, and its transfer from the original owner to the underwriters.

A/c.—Account.

A/C.—Account current.

Acceptance.—A bill of exchange bearing the acceptor's signature in token of his acceptance of responsibility for its payment.

Acceptance for Honour.—Acceptance of a bill of exchange by a third party to save the honour of the drawer if the drawee fails to carry out his obligation to accept it.

Acceptance Supra Protest.—*See* "Supra Protest."

Accommodation Bill.—A bill of exchange drawn, accepted, or indorsed without value being given for it, and one for which no party is liable until value or consideration is given. Sometimes known as a "kite" or "windmill."

Accommodation Parties.—Parties to an accommodation bill (*q.v.*).

A compte.—On account.

Act of God.—Used in marine insurance to denote a danger beyond control or avoidance by human power.

Act of Honour.—Acceptance for honour (*q.v.*) of a bill of exchange.

A/d.—After date.

Ad Referendum.—For further consideration. A form of contract in which some points are left open for subsequent settlement.

Ad val.— *Ad valorem* (*q.v.*).

Ad valorem.—According to value. Usually applied to a Customs duty charged upon the value of dutiable goods, irrespective of weight, quantity, or other considerations apart from value.

Advance.—A customary part payment by merchants, brokers, or agents on receiving invoice and bill of lading for goods sent to them for sale.

Advice Note.—A letter stating that a particular business transaction is being undertaken or completed on behalf of the recipient.

After Sight.—Used on bills of exchange, and meaning after presentation to the drawee for acceptance.

A.g.b.—Any good brand.

A.H.—After hatch.

Allonge.—A paper attached to a bill of exchange to carry additional indorsements when the back of the bill has already been filled with names.

A/o.—Account of.

A.R.—All risks. Identical with "With Particular Average" (*q.v.*).

Arbitration of Exchange.—Calculation of rates of exchange between two countries, but through intermediate places with a view to discovering more favourable rates than those prevailing direct. Simple arbitration involves taking only one intermediate place, and compound arbitration includes two or more intermediate places.

A/S.—After sight (*q.v.*).

As per Advice.—A term used on bills of exchange to indicate that notice of the drawing of a bill has previously been sent to the drawee.

A.T.—American terms. Used principally in the grain trade.

At Sight.—When used on a bill of exchange indicates that the bill is payable on demand without any days of grace.

A/V.—*Ad valorem* (*q.v.*).

Average.—Damage or loss at sea. For insurance purposes, the word signifies the distribution of loss among underwriters. Derived from the Norse word *haf* (meaning "sea") and originally used in connection with marine insurance, it has since been given a second and wider arithmetical meaning in general parlance, though retaining its particular meaning, as above, in connection with marine insurance.

Average Adjuster.—An expert in the preparation of statements of averages for the purposes of underwriters' adjustments in connection with insurance claims. Sometimes described as an average stater.

Average Bond.—A document signed by consignees before taking delivery of goods from a vessel which has incurred a general average loss, and binding them to pay their proportion of such loss.

Average Clause.—Inserted in marine insurance policies to specify certain goods as free from average unless general, or free from average if the loss is below a certain percentage.

Average, General.—Apportionment of loss due to exceptional sacrifice or expense incurred for the preservation of ship and cargo. Such apportionment is compulsory among all interested, though, of course, this usually signifies underwriters, and not the shipowner and consignees of cargo. Apportionment is generally made under the York-Antwerp Rules, which were drawn up in 1877 for the sake of uniformity of practice.

Average, Particular.—*See* "With Particular Average."

Average Stater.—An average adjuster (*q.v.*).

B/-.—Bag or bale.

Bank Bill.—A bill of exchange which a bank has issued or accepted.

Barratry.—A marine insurance term meaning loss caused by the wilful criminal action of a ship's master or crew.

Bazaar.—An Eastern term for a market-place.

Bazaar Goods.—Small hardware, fancy goods, novelties, and all kinds of cheap articles suitable for Eastern native trade.

B/E.—Bill of exchange.

Bill Book.—Register of bills of exchange payable or receivable by a firm.

Bill Discounting.—Raising money on a bill of exchange at interest before it matures.

Bill of Entry.—A detailed statement by the shipper of the nature and value of goods in a consignment. It is provided for Customs statistical purposes.

Bill of Exchange.—"An unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to, or to the order of, a specified person, or to bearer" *Bills of Exchange Act*, 1882. Also known as a draft. The most usual form of obtaining payment in export trade, in which case the bill is known as a "foreign bill" (*q.v.*).

Bill of Lading.—A receipt for, or acknowledgment of, a shipment of goods. It also embodies the terms and conditions of the contract. It is proof of ownership of the goods, and only on presentation of it can the consignee obtain possession of them.

Bills of Lading, Through.—*See* "Through Bills of Lading."

Bill of Sight.—A document giving an importer permission to view an arrived consignment, in the presence of a Customs officer, for the purpose of obtaining details to enable him to prepare a correct bill of entry, which latter must, in all cases, be completed within three days of the bill of sight, otherwise the goods are removed to the King's warehouse.

Bill of Store.—A licence to re-import dutiable British goods free within five years of the date of their original exportation.

Bill of Sufferance.—Document authorising a coasting vessel to carry goods in bond.

B/L.—Bill of lading

Blank Bills.—Bills of exchange from which the name of the payee is omitted.

Blank Indorsement.—Indorsement of a bill of exchange without including the name of the person to whom it is given.

Bond.—The state of custody in a King's warehouse imposed on dutiable goods on which it is desired to defer payment of the duty.

Bond Note.—A Customs certificate that a bond has been given in regard to the due exportation of dutiable goods from a King's or bonded warehouse.

Bonded Goods.—Goods in bond (*q.v.*).

Bonded Warehouse.—A Government warehouse for the storage and custody of dutiable goods on which the payment of duty is deferred by the owner.

Bottomry Bond.—Mortgage given on a ship by the captain or owners to raise money for fitting and provisioning the ship for the completion of its voyage.

B/P.—Bills payable.

B/R.—Bills receivable.

Captain's Entry.—Provisional entry passed by a ship's captain to enable an entire cargo to be discharged, or when the merchant fails to pass the prime entry by due date.

Captain's Protest.—Declaration by a ship's captain as to damage or accident to ship or cargo.

Certificate of Damage.—Issued by dock companies in regard to goods received or unloaded in damaged condition.

Certificate of Origin.—A merchant's signed declaration that exported goods are of British production, the object being to secure the benefit of Colonial preferential duties, or "most favoured nation" treatment in foreign markets.

Cesser Clause.—Inserted in charter-parties (*q.v.*) to relieve the charterer of responsibility from the time the cargo is shipped, and giving to the shipowner a lien on the cargo to cover the shippers' liability to pay him the freight instead of paying the charterer.

C. & F.—Cost and freight, but not including insurance.

C.F.I.—Same as "C.I.F." (*q.v.*).

Charter-party.—Contract for the hire of a vessel or part of its cargo-space.

Chop.—Eastern brand, marks, or trading sign.

C.I.F.—Cost, insurance, and freight.

Clearance Inwards.—Customs officer's certificate of the quantity of dutiable goods left on board a ship after completing discharge of cargo at a port, and before taking fresh cargo in.

Clearance Outwards.—Declaration by a ship's captain to the Customs authorities that all legal requirements have been complied with before proceeding to leave a port.

Clearing a Bill.—To receive money due on a bill of exchange (*q.v.*).

C.O.D.—Cash on delivery.

Compute a Bill.—The calculation of the date on which a bill o exchange (*q.v.*) will mature.

Commission.—Payments to agents or others for services rendered, percentally based on the value of the business done. Commission payments are not the same as salary, and do not constitute the payee an employee. *See also* "Rebate."

Consignee.—Person to whom goods are shipped.

Consignment.—The act of consigning or shipping goods; also a quantity of goods so shipped.

Consignor.—Person who ships goods to another.

Consulage.—Consul's fees.

Consular Invoices.—Invoices submitted to, and legalised by, the Consul of a foreign country at the port of shipment to that country, such legalised invoices being compulsorily required for Customs purposes.

Continuous Customary Dispatch.—*See* "Customary Dispatch."

C.P.—Charter-party.

Cranage.—Charge for use of wharf crane when a ship's own appliances are insufficient for unloading purposes.

Customary Dispatch.—A charter-party term used to make the stipulations as to discharge of cargo subject to the custom of the port of discharge. "Continuous customary dispatch" means even more, for it also rules out customary part-day stoppages, etc., at the port of discharge.

Customs Bill of Entry.—*See* "Bill of Entry."

Customs Declaration.—Statement in specified form by the sender of any parcel by post to a Colony or foreign country, giving description, value and net weight of contents. also date of postage.

D/A.—Days after acceptance.

D/d.—Days after date.

D/D.—Demand draft (*q.v.*).
Dead Freight.—Freight claimed on account of cargo-space which a shipper has failed to fill after contracting to do so.
Del Credere.—An agreement under which an agent guarantees payment for goods sold by him on behalf of his principal, in consideration of which agreement he receives an additional premium or commission. Largely used in the Egyptian market.
Demand Draft.—A bill of exchange payable on demand and without requiring acceptance.
Demurrage.—A charge by the shipowner for detention of the ship beyond the due lay days provided for embarking or discharging cargo.
Deviation Clause.—A charter-party clause inserted by the shipowner to enable a vessel to call at ports other than the original port of discharge, and to go out of its course for rescue work.
Discounting, Bill.—*See* "Bill Discounting."
Dispatch, Customary.—*See* "Customary Dispatch."
Document Bills.—Set of bills of exchange, with bill of lading, invoice, insurance policy, etc., attached.
Drawback.—Return of duty previously paid.
Drawee.—One upon whom a bill of exchange is drawn.
Drawer.—One who draws a bill of exchange.
D/s.—Days after sight.
Dunnage.—Materials used for stowing and protecting cargo, or for protecting the vessel itself.

Entry.—Registration with the Customs authorities of a ship or goods.
Entry, Captain's.—*See* "Captain's Entry."
Entry Inwards.—Registration of an incoming ship or imported goods with the Customs authorities.
Entry Outwards.—Registration of an outgoing ship or exported goods with the Customs authorities.
Ex-Ship.—Sold free of ship, but not including lightering. Same as "Free Overboard."
Ex-Warehouse.—Sold from warehouse door. No cartage expenses included in price.

F.A.A.—Free of all average.
F.A.S.—Free alongside ship.
F.G.A.—Foreign general average.
First of Exchange.—First or principal copy of a bill of exchange to be presented and honoured, cancelling all other copies.
F.O.B.—Free on board.
F.O.B. Trucks (or Cars).—Loaded on railway trucks at factory siding or station.
F.O.B. Port.—Free on board vessel at port specified.
Foreign Bill.—Bill of exchange (*q.v.*) as used in export trade. Usually drawn in sets of three or more, of which only the first to be presented, or principal bill, is operative.
F.P.A.—Free of particular average (*q.v.*).
Franco.—Complete free through delivery to the consignee's door.
Free from Particular Average.—A marine insurance term covering damage to goods arising out of an accident to the vessel in which they are being conveyed, but not covering damage occurring otherwise.

Free Harbour.—An alternative form of c.i.f. contract, most commonly used in the Bombay trade. Under this clause, the seller or shipper is liable for all risks and charges until the goods reach their port of destination.

Free of 3 Per Cent.—An insurance term used as an alternative to "With Particular Average" (*q.v.*), and having exactly the same meaning.

Free Overboard.—Same as "Ex-Ship" (*q.v.*).

Freight.—Payment for ocean carriage of goods or passengers, or for the employment of a vessel in any way.

Freight Forward.—Freight to be paid by consignee.

Freight Note.—Statement by shipbroker showing amount of freight due.

Freight Release.—Authorisation by shipbroker to ship's officer to deliver up goods in consequence of the freight having been paid

General Average.—*See* "Average, General."

Hypothecate.—To borrow from the bank the major portion of the value of a consignment of goods on security of the shipping documents.

In Bond.—*See* "Bond."

Indent.—An importer's comprehensive order on a shipper or buying agent, which the latter executes by placing with manufacturers various orders for shipment of the detailed items.

Indorsee.—Person to whom a bill of exchange is transferred by being indorsed, or guaranteed, by the signature of a third party.

Indorser.—One who, by indorsing a bill of exchange, accepts liability for it in case of the default of the drawer.

In Transitu.—In course of transmission. On the way.

I.P.A.—Including particular average. Identical with "With Particular Average" (*q.v.*).

Jettison.—To throw overboard cargo, etc.

Kaffir Truck.—Cheap goods, from "slops" to glass beads, suitable for the African native markets.

Keelage.—Toll on all vessels entering a port.

Kite.—Accommodation bill (*q.v.*).

L/A.—Letter of authority.

Lay Days.—Agreed days allowed for loading and unloading a ship.

L/C.—Letter of credit.

Letter of Hypothecation.—Letter sent by shipper, with shipping documents, formally giving a banker a lien on goods in return for a money advance on them.

Letter of Indemnity.—A letter containing a manufacturer's guarantee to a merchant against any loss or claim arising out of short or faulty shipment of goods. Such a letter obviates the necessity of adding to the bill of lading any clause concerning the shortage or fault as noted on the ship's receipt.

Lien for Freight.—The shipowner's right to detain cargo until the due freight has been paid on it.

Lighterage.—Charge for carriage in a barge or lighter.

Loco.—A term signifying that a quotation covers only the cost of goods as they stand, without packing, carriage from warehouse, or other charges which it may prove necessary to incur.

Long-dated Bill.—A bill of exchange with a long period to run before maturity.
Lump Freight.—Payment in one sum to cover the hire of a vessel for a complete voyage or purpose.

Manifest, Ship's.—*See* "Ship's Manifest."
Mate's Receipt.—Receipt by ship's officer for goods placed on board.
M/D.—Months after date.
M/S.—Months after sight.

On Consignment.—Sent for sale at the best prices that the consignee can realise on behalf of the consignor.
On the Berth.—Ready to load or discharge cargo
Origin, Certificate of.—*See* "Certificate of Origin."

Par of Exchange.—A sum of money of the actual value, as distinct from theoretical value, of a similar sum in the currency of another country.
Particular Average.—*See* "With Particular Average."
Porterage.—Charge made by dock companies for the services of porters.
Post Entry.—A statement of goods made after they have been unloaded and the particulars ascertained.
Primage.—An addition to freight charges in consideration for the use of the ship's cargo-handling appliances.
Primage and Average Accustomed.—A *pro rata* levy on consignors by a vessel to cover the cost of wharf dues, pilotage, etc.
Prime Entry.—A statement of goods based on particulars given in the bill of lading.
Principal Bill.—First of a set comprising a foreign bill of exchange to be presented, and, therefore, the one which is accepted and paid.
Protest, Captain's.—*See* "Captain's Protest."
Protesting a Bill.—A notary public's attestation that a bill of exchange has been presented and refused acceptance or payment. Such attestation is made for the purpose of taking legal proceedings.

Quayage.—Dues for berthing at a quay.

R/A.—Refer to acceptor.
R/D.—Refer to drawer.
Rebate.—A percentage of freight money returned by the shipowner to the shipper after a certain period during which the shipper has made no shipments by vessels belonging to competitors of the shipowners. Sometimes known as "commission."
Renewing a Bill.—Accepting a new bill of exchange in place of one which has become overdue.
Respondentia.—A loan raised by a ship's captain, on his own responsibility, on both ship and cargo.
Restrictive Indorsement.—An indorsement on a bill of exchange which restricts the right of further transfer of the ownership of the bill, or which lays down conditions for dealing with it.
Retire a Bill.—To pay a bill at maturity or under discount.

Salvage.—Reward due to those who salve or save a ship or its cargo from wreck, fire, or loss and destruction in any form.

Sans Recours.—Without recourse. An indorsement used on bills of exchange when the indorser desires to incur no personal liability or responsibility.

S.R.—Short bill.

S/D.—Sea damaged.

Sea-Worthy.—Fit to withstand the ordinary perils of a voyage. A warranty of sea-worthiness is implied in all marine insurance policies covering either cargo or vessels.

Second Via.—Copy of bill of exchange sent by a different ship or route from the first, or principal, bill.

Shipping Bills.—Documents giving particulars of ship and cargo for statistical purposes, or Customs documents issued in connection with drawback on dutiable goods.

Ship's Clearance.—Captain's report in prescribed form to the Customs authorities, covering crew and cargo. Having paid tonnage dues, he is then allowed to break cargo.

Ship's Manifest.—Captain's statement giving full description of ship, cargo, crew, and ports of destination. Prepared before starting a voyage.

Short Bills.—Payable on sight, demand, or within ten days.

Slinging.—Charge for slinging cargo in chains ready for hoisting on board ship.

S/N.—Shipping Note.

Sola.—Indicates that only one copy of a bill of exchange is in circulation.

S.P.—Supra protest (*q.v.*).

S.P.A.—Subject to particular average. Identical with "With Particular Average" (*q.v.*).

Subject to Insurance.—A clause excepting insurance premiums from a freight payment.

Sufferance.—*See* "Bills of Sufferance."

Sufferance Wharf.—A wharf licensed and attended by the Customs authorities.

Supra Protest.—A form of acceptance by a second party to save the credit of the drawer of a bill of exchange which has been protested.

Taking up a Bill.—Same as "Retiring a Bill" (*q.v.*).

Tale Quale.—To arrive. Used in grain trade to indicate an agreement between buyer and seller that the goods are to be regarded as according to sample at date, but the buyer takes all risk of subsequent loss or deterioration.

Tel quel.—A rate charged for a bill of exchange which is of such currency as not to be subject to the "long rate" on three months' bills or upwards, nor subject to the "short rate" which applies to bills up to ten days, but which falls somewhere between those limits. A thirty days' bill offers the commonest example.

Through Bills of Lading.—Bills of lading drawn up to cover goods to their destination when transhipment and even railway carriage are necessary to complete the journey. Such bills place the entire liability on the carrier making the contract, and his liability does not cease even when he has to pass the goods on to other carriers. *See also* "Bills of Lading."

Time Freight.—Periodical payments for the hire of a vessel, instead of in one lump sum.
To Pay Average.—A marine insurance term used as an alternative to "With Particular Average" (*q.v.*), and having exactly the same meaning.
T.Q.—Tel quel (*q.v.*).
Transhipment.—The transfer of goods directly from one ship to another.
Transire.—A Customs document embodying a full description of a ship's cargo, including the names of consignor and consignee. Is used in the coasting trade, and, being made out in duplicate, one copy serves for the vessel's outward clearance, and the other for its inward entry.

U/A.—Underwriting account.
Underwriter.—One who guarantees ships or cargo against damage or loss. A marine insurer.
Usance.—Period of currency of bills of exchange between two countries according to established usage or custom.
U/w.—Underwriter.

Valued Policy.—A marine insurance policy covering risks to a fixed amount or valuation.
Voyage Policy.—An insurance policy on a ship or goods to cover risks during a specified voyage.

W.A.—With average. Identical with "With Particular Average" (*q.v.*).
Warrant.—Public or bonded warehouse receipt.
W.b.—Water ballast.
Weight Note.—A document issued by dock companies, giving details of weight, marks, date of entry, etc., of imported merchandise.
Wet Goods.—Liquids for shipment in bottle or cask.
Wharfage.—Fœ for use of wharf for the purpose of discharging a vessel's cargo.
Wharfinger's Receipt.—A document acknowledging receipt of goods for shipment by a wharfinger.
Windmill.—Accommodation bill (*q.v.*).
Without Recourse.—*See* "Sans Recours."
With Particular Average.—A marine insurance term covering damage to goods by water, in addition to, and apart from, damage arising out of an accident to the ship in which the goods are being conveyed.
Without Engagement.—Used to avoid liability to accept an order at the price quoted. A safeguard against prices fluctuating in the interval between a quotation being given and an order being placed.
W/M.—Weight measurement, *i.e.* ton weight or measurement at shipowner's option when calculating freight charges.
W.P.A.—With particular average (*q.v.*).
W/W.—Warehouse warrant (*see* "Warrant").

Y/A.—York-Antwerp Rules (marine insurance).

INDEX

ABYSSINIAN Weights and Measures, 163
Acceptances: American, 122; Bill, 126; Indorsement, 127
Advertising: Allowances, 90; "Copy," 88; Export, 84
Advice Note, 177
Agency Agreements, 67
Agents: Agricultural Implement, 67; Buying, 9, 19, 70; Choice of, 61; Commission, 3, 9, 37, 56; Discarded, 79; Expenses Allowances, 49, 55, 58; Export, 45; Levantine, 27; Limitations, 63; Machinery, 65; Manufacturers', 16, 51; Merchant, 18, 63; Methods, 53; Mining Supply, 66; Municipal, 104; Organisation of, 70; Remuneration, 55; Shipping and Forwarding, 125; Trade Marks, 95
Agreements, Agency, 67
Agricultural Implement Agents, 67
Agriculture and Credit Terms, 132
"All Risks," 199
Alongside Date, 176
American Acceptances, 122; Commission Selling House, 81; Exports, 4; Export System, 36
A. R. Policy (Insurance), 199
Averaging Clause, 195

BAD Debts, 2
Baling Soft Goods, 173
Banks: American Federal Reserve, 122; British, 119; Commercial, 123
Barter, 16
B/E, Definition of, 127
Beer Shipments, 179
Bicycle Packing, 173
Bills of Exchange, 125; Advances on, 126; Definition of, 127; Indorsement, 127; Foreign, 128; Form of, 127; Noting, 128; Protesting, 128; Return, 128
Bill of Lading, 177; Parts of, 192; Sets of, 177
B/L, 177
Board of Trade, 106; Commercial Intelligence Branch, 108; Commissioners, 107; Journal, 109; Status Inquiries, 109; Exhibitions, 109
Bogus Orders, 97
Bonded Goods, 215; Warehouses, 215
"Bottom-of-the-skip" lines, 55
Branches, Manufacturers' Oversea, 77
Branch Managers, 78; Factories, 80
British Exports, 4
—— Weights, Measures, and Values, 150
Broken Stowage, 188
Brokers, Insurance, 197
Buyers: Colonial Government, 104; Commission, 8, 9, 11, 37; Guides, 86; Own Language, Compulsory use of, 137
Buying Agents, 19; Commission, 36
—— House, 9, 37; Official, 102
—— Office Equipment, 12

CALCULATING Freights, 183
C. and F., 139
Cargo, Dangerous, 179
——, "Full and Complete," 188
"Case" of Gin, 217
"Case of Need," 128
Cash against Document, 126, 192
Catalogues, Export, 141; Illustrations, 144; Prices in, 145; Salesmanship by, 142
C/D, 126
Certificates of Origin, 177, 180, 201
Cesser Clause, 189, 195
Chambers of Commerce: British, 112; Native, 28
Charter-Parties, 186
Chinese Trader, The, 7, 20
—— Weights and Measures, 162
C.I.F., 139, 213
C.I.F.C., 139

C.I.F.C.I., 139
Circular Letters of Credit, 73
—— Notes, 74
"Clean" Charter Party, 189
Coast Houses, 15
Code Words, 147
Colonial Official Contracts, 101
Commercial Banks, 123
—— Intelligence Branch, Board of Trade, 108
Commission: Buyer, 8, 9, 11, 37; Buying System, 36; House, American, 81; Insurance Broker's, 198; Rates of, 41; Selling System, 36
Commissioners, Board of Trade, 107
"Conditions as Per Charter-Party," 196
Conditional Days, 194
Confirmation of Orders, 2
Consignors' Liability, 212
Consular Invoices, 180, 201
Consuls, 108
Contracts, Official, 101
Conversion of English Values, 151
"Cost and Freight," 139
"——, Insurance, Freight," 139
"—— —— —— and Commission," 139
"—— —— ——, Commission, and Interest," 139
Credit, 8, 9, 132; Indian, 23; Letters of, 72
Customs Drawback, 210; Manifest, 211; Restrictions, 210; Requirements, 208; Specifications, 208

Dangerous Cargo, 179
Del Credere System, 27, 64
Delivery, Through, 139
Demurrage, 194
Dewali Feast, The, 23
Direct Remittances, 125
—— Trade, 2, 51
Disputes, Settlement of, 71
Diversion of Orders, 98
Double Insurance, 200
Draft Terms, 126
Drawback, Customs, 210, 216
Dutiable Exports, 210

Eid Feast, The, 22
Egyptian Trader, The, 20
Egypt's Commercial Laws, 27
Exhibitions, Board of Trade, 109
Expenses Allowances, Agents', 49, 55, 58
Experts, So-called Advertising, 142
Explosives Shipments, 180
Export: Advertising, 84; Agent, 45; Department, 46 116; Selling Methods, 45, 117; Trade Journals, 86
"Export List," 208
Exports: American, 4; British, 4

F.A.S., 140
Federal Reserve Act, United States, 122
Financial and Commercial Co-operation, 120; German, 121
—— Machinery, 119
Financing Representatives, 72
"Floating" Policies (Insurance), 199
F.O.B., 140, 212
F.O.R., 140
Foreign Bills of Exchange, 128
—— Official Contracts, 101
—— Standard Units of Value, 152
Form of Protest, 131
Forwarding Agents, Shipping and, 125
F.P.A. Policy (Insurance), 199
"Franco," 139
"Free Alongside Ship," 140
—— Berth, 195
—— Exports, 210
"—— from Particular Average," 199
—— Goods, 179
"—— Harbour" Contracts, 212
"—— on Board," 140, 212
"—— on Rail," 140
Freight Note, 177
Freight: Calculating, 183; In Advance, 183; Responsibility for Payment of, 182; Shipowner's Lien for, 182; When Payable, 181
"Full and Complete" Cargo, 188
Furniture Packing, 173

General Average, 199
—— Storekeeper, The, 6, 7, 15

German Financial and Commercial Co-operation, 121
Gin, West African "Case" of, 217
Glassware Packing, 173
Goanese Trader, The, 7, 20, 23
Government Contracts, 101
Greek Trader, The, 7

HARDWARE Packing, 172
Holi Feast, The, 22
How to Quote, 136
Hypothecation, Letter of, 126; of Documents, 126

ILLUSTRATIONS in Catalogues, 144
Importers: Native, 23; Types of, 15
Indent, 11; "Specific," 13, 43; "Open," 13
Indian Credit, 23
—— Festivals, 22
—— Mercantile Community, 22
—— Trader, The, 7, 20
Inquiries Fail to Fructify, Why, 136
Insurable Interest, 200
Insurance, Marine: Brokers, 197; Companies, 197; Double, 200; Policy, 198; Ship, 198
Invoices, 177; Consular, 180, 201; Duplication of, 179

JAPANESE Trader, The, 7, 20
—— Weights and Measures, 161

LANGUAGE, Use the Buyer's Own, 138
Lay Days, 194
Letter of Hypothecation, 126
—— of Indication, 75
Letters of Credit, 72
Liability, Consignor's and Consignee's, 212
Licences: Importers', 79; Travellers', 59
Lien, Shipowner's, 182, 195
Lloyds, 197
Locations, Native, 7
"Loco," 139
London Buyer, The, 6, 37
Long Credit, 132

MACHINERY Agents, 65
Machinery Packing, 170
Mailboat Freight Rates, 176
Managers, Branch, 78
Manifest, Customs, 211
Manufacturers' Agents, 16, 51; Branches, 77; Factories, 80; Representatives, 13, 16, 51, 69, 118
Marine Insurance, 197
Marking, 169
Mate's Receipt, 192
Merchandise Declaration, 176
Merchant: Agents, 18, 63; Chinese, 25; Egyptian, 26; Goanese, 23; Greek, 26; Indian, 22; Japanese, 24; Levantine, 26; Maltese, 26; Shipper, 3, 8, 29; Syrian, 26; Wholesale, 7, 8, 17
Metric Equivalents, 150
—— System, The Essential, 149
Mining Supply Agents, 66
Monetary Equivalents, 154
Municipal Agents, Colonial and Foreign, 104
—— Contracts, 101

NATIVE Importers, 21
—— Locations, 7
Noting Bills of Exchange, 128

OFFICIAL Buying, 102; Contracts, 101
"Open" Indent, The, 13
—— Policies (Insurance), 199
Orders: Bogus, 97; Diversion of, 98; Unconfirmed, 96
Organisation of Agency System, 70

PACKING, 169
"Payment against Documents," 126, 192
—— for Samples, 61
Persian Weights and Measures, 162
Policy, Insurance, 198
Postal Salesmanship, 142
Prices in Catalogues, 145
Primage, 184
Printing Blocks, 143
"Proprietary" Houses, 19
Protesting Bills of Exchange, 128
Provisional Note, 198

QUOTE, How to, 136

Rates of Commission, 41, 56
——, Through, 138, 146
Rebates, 184
Remittances, Direct, 125
Remuneration: Agents', 55; Special Travelling Representatives', 75
Representatives, Manufacturers', 13, 16, 51; Shipping, 3, 10, 118; Special Travelling, 69
Restrictions, Customs, 210
Return Bills, 128
" Rings," Shipping, 185
" Roughs," 176
Russian Weights and Measures, 160

Sailings Lists, 175
Salesmanship: By Catalogue, 142; Export, 117; Timid, 146
Samples: Methods, 166; Payment for, 61, 165; Selection, 167; Supplying, 165
Selling Methods, 45, 117
Settlement of Disputes, 71
Shipment, Methods of, 175
—— under Bond, 215, 216
Shipowner's Lien for Freight, 182, 195
Shipper's Liabilities, 195
Shipping Bill, 210
—— and Forwarding Agents, 125
—— Instructions, 175
—— Representatives, 3, 10
—— " Rings," 185
" Short " Ton, The, 159
Siamese Weights and Measures, 163
Slip, Insurance, 198
Soft Goods Packing, 173
Specialisation, 17, 115
" Specific " Indent, The, 13, 43
Specifications, Customs', 208
Stamp Duties: Bills of Exchange, 130; Charter-Parties, 190; Marine Insurance Policies, 198
Status Inquiries, Official, 109
Storekeeper, The: Asiatic, 7; General, 6, 7, 15
Stores Superintendents, Colonial Government, 104
Stowage, Broken, 188
Syrian Trader, The, 7

Tax, Traveller's, 59
Terms of Payment, 132
Through Delivery, 139
—— Rates, 138, 146
Time Charters, 189
Timid Salesmanship, 146
Ton Measurement, 179, 183
——, The " Short," 159
—— Weight, 179, 183
" Town Trade," 6
Trade Commissioners, Board of, 107
—— Journals, Export, 86
—— Marks, 92
Trader, The: Chinese, 7, 20; Egyptian, 20; Goanese, 7, 20, 23; Greek, 7; Indian, 7, 20; Japanese, 7, 20; Levantine, 7, 20; Syrian, 7; West African Negro, 20
Traveller's Licence Dues, 59
—— Tax, 59
Tubes and Pipes, Shipments of, 179

Unconfirmed Orders, 96
Underwriters, 197
United States Federal Reserve Act, 122
Units of Value, Foreign Standard, 152

Value, Foreign Standard Units of, 152
Voyage Charters, 189

Warrants, 215
" Watcher," 216
Weather Working Days, 194
Weights and Measures: Abyssinian, 163; British, 150; Chinese, 162; International, 159; Japanese, 161; Persian, 162; Russian, 160; Siamese, 163
" Weight or Measurement," 183
Wholesale Merchant, 7, 8
" With Particular Average," 199
W/M, 183
Working Days, 194
W.P.A. Policy (Insurance), 199

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